

**NOTICE OF ANNUAL MEETING
OF THE SHAREHOLDERS
and
MANAGEMENT PROXY CIRCULAR
of
SOUTHGOBI ENERGY RESOURCES LTD.**

to be held on May 6, 2009

DATED: March 27, 2009

SOUTHGOBI ENERGY RESOURCES LTD.

**654 – 999 Canada Place
Vancouver, BC V6C 3E1**

Telephone: 604-681-6799 Fax: 604-688-8391

**Notice of Annual General Meeting of Shareholders
to be held on May 6, 2009**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of **SOUTHGOBI ENERGY RESOURCES LTD.** (the "Corporation") will be held at Suite 629 – 999 Canada Place, Vancouver, British Columbia, on Wednesday, May 6, 2009, at 1:30 p.m. local time (the "Meeting") for the following purposes:

1. to receive the report of the directors;
2. to receive the Corporation's audited financial statements for the financial year ended December 31, 2008 and the auditor's report thereon;
3. to appoint auditors for the Corporation for the ensuing year and to authorize the directors to fix the auditor's remuneration;
4. to elect directors for the ensuing year;
5. to provide annual approval of the Corporation's Employees' and Directors' Equity Incentive Plan as a "rolling plan" as required under applicable rules of the TSX Venture Exchange; and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed March 24, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment thereof.

A Management Proxy Circular, a form of proxy, the audited consolidated financial statements of the Corporation for the year ended December 31, 2008, the auditor's report thereon, Management's Discussion and Analysis ("MD&A") and certain other documents accompany this Notice. The Management Proxy Circular contains details of matters to be considered at the Meeting.

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.

DATED at Vancouver, British Columbia, this 27th day of March, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

"Beverly A. Bartlett"

Beverly A. Bartlett
Vice President and Corporate Secretary

SOUTHGOBI ENERGY RESOURCES LTD.
654 – 999 Canada Place
Vancouver, BC V6C 3E1
Telephone No: 604-681-6799 Fax No: 604-682-2060

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished to the holders of common shares ("shareholders") of SouthGobi Energy Resources Ltd. (the "Corporation") by management of the Corporation in connection with the solicitation of proxies to be voted at the Annual General Meeting of shareholders (the "Meeting") to be held at 1:30 p.m. on Wednesday, May 6, 2009 in Suite 629 - 999 Canada Place, Vancouver, British Columbia, and at any adjournment thereof, for the purposes set forth in the Notice of Meeting that accompanies this Management Proxy Circular. Unless otherwise stated, this Management Proxy Circular contains information as at March 27, 2009.

APPOINTMENT AND REVOCATION OF PROXIES

A form of proxy pertaining to the Meeting is enclosed. The individuals named in the enclosed form of proxy are directors and/or officers of the Corporation. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him at the Meeting has the right to do so, either by inserting such person's name in the blank space provided on the form of proxy or by completing another form of proxy.**

An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is deposited with CIBC Mellon Trust Corporation, by facsimile to 1-416-368-2502 or 1-866-781-3111, by mail to P.O. Box 1900, Vancouver, British Columbia, V6E 3X1 or P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by hand to The Oceanic Plaza, Suite 1600 - 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 320 Bay Street, Banking Hall Level, Toronto, Ontario, M5H 4A6 not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof at which the instrument of proxy is to be used.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by instrument in writing executed by the shareholder or by his attorney authorized in writing and deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof. A revocation of a proxy does not affect any matter on which a vote has been taken before the revocation.

VOTING OF PROXIES

Shares represented by properly executed forms of proxy in favour of the persons designated on the enclosed form of proxy will be voted or withheld from voting in accordance with instructions made on the proxy form in any ballot that may be called for. Where a shareholder specifies a choice as to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such instructions, such shares will be voted in favour of the matters specified in the form of proxy.**

The enclosed form of proxy confers discretionary authority upon the nominees therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

At the time of printing of this Management Proxy Circular, the management of the Corporation knows of no such amendments, variations or other matters that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each nominee named in the accompanying form of proxy intends to vote thereon in accordance with the nominee's best judgment.

SOLICITATION OF PROXIES

The enclosed form of proxy is solicited by and on behalf of management of the Corporation.

This Management Proxy Circular, the accompanying Notice of Meeting and the enclosed form of proxy are to be mailed to shareholders on or about April 14, 2009.

All expenses incurred in connection with the preparation, printing and mailing of this Management Proxy Circular and the solicitation of proxies for use at the Meeting will be borne by the Corporation. In addition to solicitation by mail, the officers, directors and regular employees of the Corporation may, without additional compensation, other than reimbursement for out-of-pocket expenses, solicit proxies personally or by telephone.

No person is authorized to give any information or to make any representations other than those contained in this Management Proxy Circular and, if given or made, such information or representations must not be relied upon as having been authorized to be given or made.

RECORD DATE AND VOTING SHARES

Voting Shares

The Corporation has an authorized share capital consisting of an unlimited number of common shares without par value ("Common Shares") and an unlimited number of preferred shares. As of March 27, 2009, 133,298,982 Common Shares were issued and outstanding as fully paid and non-assessable shares and no preferred shares were issued and outstanding. Each outstanding Common Share is entitled to one vote.

Record Date

A holder of record of Common Shares on the securities register of the Corporation at the close of business on March 24, 2009 (the "Record Date") who either attends the Meeting personally or deposits a properly completed form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have such shares voted at the Meeting, except to the extent that the shareholder has transferred the ownership of any such shares after the Record Date and the transferee produces a properly endorsed share certificate for or otherwise establishes ownership of any of the transferred shares and makes a demand to the Corporation no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders ("Non-Registered Shareholders") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Meeting, this Management Proxy Circular, the form of proxy and the request form (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service corporation, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service corporation in accordance with the instructions of the Intermediary or its service corporation; or
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Corporation, c/o CIBC Mellon Trust Corporation, The Oceanic Plaza, Suite 1600 - 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or PO Box 721, Agincourt, Ontario, M1S 0A1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder),

the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a form of proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares of the Corporation are held and following the instructions of the intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

PRINCIPAL HOLDERS OF VOTING SHARES

The following table sets forth information as of March 27, 2009, with respect to:

- (a) all persons known by the Corporation to be the beneficial owners, directly or indirectly, of more than 10% of the Common Shares issued and outstanding on a non-diluted basis; and
- (b) share ownership by the current directors and executive officers of the Corporation as a group.

Name or Group and Municipality of Residence	Type of Ownership	Number of Issued Shares Owned ⁽¹⁾	% of Shares Outstanding
Ivanhoe Mines Ltd. ⁽²⁾ Vancouver, B.C., Canada	Indirect/Direct	106,804,155	80.1%
Directors & Executive Officers as a Group	Indirect/Direct	49,900 ⁽³⁾	0.04%

- (1) The information as to Common Shares beneficially owned, controlled or directed that is not within the knowledge of the Corporation, its directors or officers, has been furnished by the respective shareholders or has been extracted from the register of shareholdings maintained by the Corporation.
- (2) Ivanhoe Mines Ltd., a Yukon corporation whose common shares are listed on the Toronto and New York stock exchanges and NASDAQ, owns 104,804,155 common shares directly and 2,000,000 common shares indirectly through Ivanhoe's wholly owned subsidiary Ivanhoe Reserve Holding Company Ltd.
- (3) Common shares held by the directors and executive officers as a group do not include 3,127,001 common shares issuable upon the exercise of incentive stock options held, in aggregate, by the directors and executive officers.

DIRECTORS AND OFFICERS INSURANCE

The Corporation has purchased directors and officers liability insurance with aggregate coverage in the amount of U.S.\$50,000,000. The aggregate premium for the insurance coverage was U.S.\$183,000. The coverage has a deductible of U.S.\$100,000.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation and Benefits Committee, Philosophy and Goals

The Corporation's executive compensation program is administered by the Compensation and Benefits Committee (the "Compensation Committee"). The members of the Compensation Committee are all independent, non-management directors. Following review and approval by the Compensation Committee, recommendations relating to executive compensation are reported to, and approved by, the full Board of Directors.

During the year ended December 31, 2008, the aggregate compensation paid to all of the Corporation's executive officers whose annual compensation exceeded Cdn\$40,000 was Cdn\$1,519,715.

In determining the nature and quantum of compensation for the Corporation's executive officers, the Corporation is seeking to achieve the following objectives, in approximately an equal level of importance:

- to provide a strong incentive to management to contribute to the achievement of the Corporation's short-term and long-term corporate goals;
- to ensure that the interests of the Corporation's executive officers and the interests of the Corporation's shareholders are aligned;
- to enable the Corporation to attract, retain and motivate executive officers of the highest caliber in light of the strong competition in the Corporation's industry for qualified personnel;
- to recognize that the successful implementation of the Corporation's corporate strategy cannot necessarily be measured, at this stage of its development, only with reference to quantitative measurement criteria of corporate or individual performance; and
- to provide fair, transparent, and defensible compensation.

In applying these principles during this period of growth, the Compensation Committee, and the Board, maintain a significant degree of flexibility and subjectivity in making recommendations and compensation decisions. At this stage of the Corporation's development, the Corporation also considers the available cash resources of the Corporation.

Recent Developments Relating to Executive Compensation

In November, 2008, the Corporation's compensation consultants, Roger Gurr and Associates of Vancouver, Canada ("Gurr Associates") completed a review of the compensation rewards for the executive officers, certain employees and the directors of the Corporation. In the report, Gurr Associates analyzed the market competitiveness of compensation (salary, bonus and equity based compensation) for ten executive and management positions and proposed a compensation strategy for executive and management pay. Based on this analysis, the Compensation Committee has concluded that the current salaries of the Named Executive Officers ("NEOs") (being the Corporation's Chief Executive Officer, Chief Financial Officer and each of the Corporation's three most highly compensated executive officers whose annual aggregate compensation for the fiscal year of 2008 exceeded Cdn\$150,000) are largely competitive within the median level of a peer comparator group of companies assembled for purposes of the report. The Compensation Committee also concluded that the Corporation's current compensation structure is appropriate for the Corporation's stage of development, that there would not be any salary increases for senior management in the near term, and that an

annual bonus plan tied to objective criteria should be introduced at a later stage when the Corporation has positive cash flow to implement such a formalized programme.

How We Make Compensation Decisions

The Compensation Committee oversees and sets the general guidelines and principles for the implementation of the Corporation's executive compensation policies, assesses the individual performance of the Corporation's executive officers and makes recommendations to the Board of Directors. Based on these recommendations, the Board of Directors makes decisions concerning the nature and scope of the compensation to be paid to the Corporation's executive officers. The Compensation Committee bases its recommendations to the Board on its compensation philosophy and on individual and corporate performance. The Compensation Committee may seek compensation advice where appropriate from consultants and for evaluating the Corporation's compensation program for executive officers for 2008 and 2009, the Corporation retained Gurr Associates. Gurr Associates received Cdn\$32,760 from the Corporation in 2008 in connection with its compensation consulting advice.

The Compensation Committee makes its recommendations as needed for new hires and at least annually, although the Committee meets quarterly to deal with any compensation related issues. The Chairman of the Compensation Committee meets with the Chief Executive Officer to both set goals for the forthcoming year, and to complete the annual review of the Chief Executive Officer's performance. The Compensation Committee works with the Chief Executive Officer to evaluate the performance and set the compensation for the other NEOs, including proposed salary adjustments, any bonus awards and the award of any stock options.

Elements of Total Compensation

The compensation that the Corporation pays to its executive officers generally consists of base salary, annual performance bonuses (in cash, fully paid common shares, or a combination thereof) and equity incentives. The Corporation's compensation policy reflects a belief that an element of total compensation for the Corporation's executive officers should be "at risk" in the form of common shares or incentive stock options, so as to create a strong incentive to build shareholder value.

The following summarizes the primary purpose of each compensation element and its emphasis:

- Base salary — paid in cash as a fixed amount of compensation for performing day-to-day responsibilities.
- Performance Bonus — Annual bonus awards, paid in common shares or cash, or both, earned for achieving strategic corporate, business unit or individual goals.
- Incentive Awards — Equity incentives in the form of stock options granted to align compensation with achievement of the Corporation's goals, creating shareholder value, achieving corporate objectives and retain executives over a longer period.

In making compensation recommendations to the Board in respect of these elements, the Compensation Committee considers both the cumulative compensation being granted to executives as well as internal comparisons amongst the Corporation's executives.

Peer Comparator Group

The Corporation's current compensation levels in 2008 were assessed with reference to a peer

comparator group of companies assembled by Gurr Associates. While the Compensation Committee supports the use of a comparator group, it is difficult to find a truly comparable group to the Corporation given its market capitalization and stage of commercial production. The selection criteria were: Group A: mid-tier operating mining companies ideally with international activities; and, Group B: coal mining companies.

The primary source of data comes from Group A which included some coal companies and consists of 33 companies including Quadra Mining Ltd; James River Coal Co., Northgate Minerals Corporation, Agnico-Eagle Mines Ltd., Breakwater Resources, Pan American Silver, Centerra Gold Inc., FNX Mining Company, Hecla Mining Company, Coeur d'Alene Mines, Anvil Mining Limited, Eldorado Gold, Western Canadian Coal, Imperial Metals Corp., Golden Star Resources, Taseko Mines Ltd., Fronterra Copper Corp., Gammon Gold Inc., North American Palladium Ltd, Uranium One Inc. Metals, Grande Cache Coal Corporation, European Goldfields Ltd., High River Gold Mines, Dundee Precious Metals Inc., Ivernia Inc., Uruguay Mineral Exploration Inc., Denison Mines Inc., Semafo Inc. and Red Back Mining Inc., Eastern Platinum Ltd., Royal Gold Inc., Orvana Minerals Corp., Coalcorp Mining Inc. Data from the Group B comparator companies was used to verify information from Group A and included Fording Canadian Coal Trust, James River Coal Co., Western Canadian Coal, Grande Cache Coal Corporation, Coalcorp Mining Inc. and Hillsborough Resources Limited.

Base Salary

The base salaries of the Corporation's executive officers have traditionally been determined based on the requirements of an executive officer's employment contract as well as a subjective assessment of each individual's performance, experience and other factors the Corporation believes to be relevant, including prevailing industry demand for personnel having comparable skills and performing similar duties, and the compensation the individual could reasonably expect to receive from a competitor and the Corporation's ability to pay.

Mr. Meredith's overall salary is set by Ivanhoe Mines Ltd. and the Corporation pays a portion of his salary based on the time Mr. Meredith has allocated to the Corporation. In 2008, Mr. Meredith worked for the Corporation for 606.38 hours and the Corporation paid Cdn\$162,231 for these services pursuant to the terms of a cost-sharing agreement with Ivanhoe Mines Ltd. See "Interests of Informed Persons in Material Transactions".

Certain salary adjustments were made as of April 1, 2008 for the Corporation's executive officers, excluding Mr. Meredith. Mr. Krepiakevich's base salary was increased from Cdn\$180,000 to Cdn\$205,000; Mr. Wusaty's base salary was increased from Cdn\$264,000 to Cdn\$275,000; Mr. Lehoux's base salary was increased from US\$180,000 to US\$216,000; Mr. Gosse's base salary was increased from Cdn\$200,000 to Cdn\$225,000.

These salary adjustments were made with reference to market comparables and other subjective factors relating to performance and retention considerations. In November 2008, the salaries of the NEOs were compared against similar positions within the median range of the peer comparator group as part of the Gurr Associates study. The salaries for the NEOs, including the Chief Executive Officer (assuming this was a full time position) were comparable with the exception of Mr. Wusaty's whose salaried compensation was lower than the peer comparator group, a factor offset by Mr. Wusaty's stock option position.

Mr. Gosse's employment with the Corporation was terminated on December 30, 2008 by agreement and in connection with the transfer of the Corporation's metals division to Ivanhoe Mines Ltd.

The Compensation Committee has not recommended increased salaries for 2009 at this stage.

Bonus Compensation

Executive officers are eligible for annual incentive compensation. Bonus awards are earned for achieving short-term goals and other strategic objectives based on a variety of factors, including the individual's performance and contributions, improvements in job proficiency, retention risks and concerns, succession requirements, and compensation changes in the market. Generally the more senior the executive, the more performance is measured by overall corporate objectives.

In 2008, bonuses were awarded to NEOs in May in recognition of the efforts of each of the management team in raising capital for the Corporation and coal mine operations moving into production as follows: Mr. Krepiakevich Cdn\$50,000 (US\$49,177); Mr. Lehoux US\$50,000; Mr. Gosse Cdn\$50,000 (US\$49,177); and Mr. Wusaty Cdn\$100,000 (US\$98,357). Mr. Meredith was awarded a bonus of Cdn\$100,000 (US\$98,357) in connection with his contributions to the achievements of these milestones.

The Gurr Associates report has identified target bonus ranges for executive officers of the Corporation, based upon the comparator group. The Compensation Committee continues to study this aspect of the report. At this stage, the Committee believes that further cash bonuses should be deferred until the Corporation has positive cash flow, and that the next formalized bonus review would be scheduled for late 2009 at which time a formalized plan for measurable performance goals and targeted bonuses would be considered.

Stock Options

An equity incentive component in the form of options is a key part of the executives' overall compensation package, reflecting the Corporation's belief that stock options offer an effective mechanism for incentivizing management and aligning the interests of our executive officers with those of our shareholders. Since incentive stock options are not granted at a discount to the prevailing market price of the Corporation's Common Shares, the incentive stock options we grant to our executive officers accrete value only when the market price of such shares increases, thereby linking equity-based executive compensation to shareholder returns.

At this stage in the Corporation's development, the grant of stock options is made on an ad-hoc basis. The Compensation Committee considers the current total potential dilution under the plan, individual and corporate performance factors, the Compensation Committee's evaluation of each officer's ability to influence long-term success of the Corporation and to provide an incentive to encourage outstanding individual performance and contributions. The Compensation Committee also considers each executive's stock option position.

As long term incentives to further encourage retention and as an incentive to continue to provide a high level of performance for the Corporation, in August 2008, each NEO was granted options to purchase 100,000 common shares of the Corporation. Each option is exercisable at a price of Cdn\$15.07 for a five year term and vests 33% on the date of grant, 33% on the first anniversary of the date of grant, and 34% vesting on the second anniversary of the date of grant.

In November 2008, the Compensation Committee determined that the relatively sudden and significant rapid decline in the trading price of the Corporation's Common Shares then currently being experienced as part of the overall downturn in the equity markets had a strong negative effect on incentivizing and retaining key personnel and that there was a real risk that some of

the Corporation's officers and employees could seek to explore other possibly more lucrative employment opportunities. To address this generally, and without repricing any of the options already outstanding, the Compensation Committee proposed that additional options be issued at the then current market price. The Board approved a total of 1,150,000 incentive stock option grants on November 27, 2008. Each of Messrs. Meredith, Krepiakevich, Lehoux and Wusaty were granted options to purchase 75,000 common shares and Mr. Gosse was granted options to purchase 40,000 common shares. Each option is exercisable at a price of Cdn\$5.10 for a five year term and vests 33% on the first anniversary of the date of grant, 33% vesting on the second anniversary of the date of grant, and 34% vesting on the third anniversary of the date of grant.

Other Compensation

The aggregate "other compensation" received by each Named Executive Officer is disclosed in the Summary Compensation Table below. The significant policies of the Corporation that result in the payment of "other compensation" are described in this section. The Corporation does not provide its executive officers with a pension plan. In 2008 the Corporation paid life insurance premiums and long term disability premiums on behalf of each Named Executive Officer. The Corporation permits employees that end a calendar year with more than ten (10) unused vacation days to choose to receive payment for the unused vacation days, or to carry the days forward to be used in the 2009 calendar year. In 2008, each of Messrs. Krepiakevich, Wusaty and Gosse elected to receive payment in lieu of carrying forward unused vacation days. Denis Lehoux received US\$28,330 pursuant to the terms of his employment contract as reimbursement for income taxes levied by the government of Mongolia.

Summary Compensation Table

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of each person that served as a NEO. The object of this disclosure is to communicate the compensation the board of directors intended the Corporation to pay, make payable, award, grant, give or otherwise provide to each NEO for the fiscal year.

**Summary Compensation Table
(U.S.\$)**

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Peter Meredith ⁽⁴⁾ Chief Executive Officer	2008	153,032 ⁽⁶⁾	-	963,092	98,357 ⁽⁶⁾	-	-	642 ⁽⁸⁾	1,215,123
Terry Krepiakevich Chief Financial Officer	2008	187,480	-	963,092	49,179	-	-	8,122 ⁽⁷⁾	1,207,873

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Denis Lehoux Vice President, SGS	<u>2008</u>	205,595	-	963,092	50,000	-	-	30,935 ⁽⁹⁾	1,249,622
Richard Gosse Vice President, Exploration	<u>2008</u>	206,346	-	861,785	49,179	-	-	28,329 ⁽¹⁰⁾	1,139,615
Gene Wusaty Chief Operating Officer, Coal Division	<u>2008</u>	256,812	-	963,092	98,357	-	-	16,139 ⁽¹¹⁾	1,334,400

NOTES:

- (1) Salary is paid in Canadian currency to each of Messrs. Meredith, Krepiakovich, Gosse and Wusaty (the "Canadian Executives"). For the purpose of reporting the salary in the Summary Compensation Table in U.S. currency, the salary paid to each of the Canadian Executives was converted on a monthly basis at the Bank of Canada monthly average rate for the month an amount was paid.
- (2) All other compensation was paid in Canadian currency to all of the named executive officers. For the purpose of reporting all other compensation in the Summary Compensation Table in U.S. currency, amounts were converted on a monthly basis at the Bank of Canada monthly average rate for the month an amount was paid.
- (3) Annual incentive plan bonuses were paid in Canadian currency to each of the Canadian Executives. For the purpose of reporting the Annual incentive plan bonuses in the Summary Compensation Table in U.S. currency, the bonuses were converted at the Bank of Canada monthly average rate for June, 2008. The annual incentive plan bonuses reported in the Summary Compensation Table were approved by the board of directors in May, 2008, in recognition of the accomplishment of certain milestones by the Corporation.
- (4) Mr. Meredith is also a director of the Corporation. His salary includes \$0 of compensation received in his capacity as a director of the Corporation. His option based awards include zero (0) options issued to him in his capacity as a director.
- (5) This column includes the option grants made by the Corporation to the Named Executive Officers in 2008. The Corporation uses the Black-Scholes option-pricing model for determining fair value of stock options issued at the grant date. The Corporation has chosen to use the Black-Scholes model because it is an accepted industry standard and is appropriate for the Corporation's financial reporting requirements to securities regulatory authorities. The practice of the Corporation is to grant all option based awards in Canadian currency, then convert the grant date fair value amount to U.S. currency for reporting the value of the grants in the Corporation's financials. The conversion rate for each grant is the noon Bank of Canada rate on the date the grant is made. The conversion rates used for the purpose of converting the grants to the Named Executive Officers in the Summary Compensation Chart from Canadian currency to U.S. currency are:

Name	Option Grant	Grant Date	Conversion Rate	Grant Date Fair Value (U.S.\$)	Grant Date Fair Value (Cdn\$)
Peter Meredith Chief Executive Officer	100,000 75,000	August 27, 2008 November 27, 2008	0.9537 0.8111	746,006 217,086	782,223 267,644
Terry Krepiakovich Chief Financial Officer	100,000 75,000	August 27, 2008 November 27, 2008	0.9537 0.8111	746,006 217,086	782,223 267,644
Denis Lehoux Vice President, SGS	100,000 75,000	August 27, 2008 November 27, 2008	0.9537 0.8111	746,006 217,086	782,223 267,644

Name	Option Grant	Grant Date	Conversion Rate	Grant Date Fair Value (U.S.\$)	Grant Date Fair Value (Cdn\$)
Richard Gosse Vice President, Exploration	100,000 40,000	August 27, 2008 November 27, 2008	0.9537 0.8111	746,006 115,779	782,223 142,744
Gene Wusaty Chief Operating Officer, Coal Division	100,000 75,000	August 27, 2008 November 27, 2008	0.9537 0.8111	746,006 217,086	782,223 267,644

- (6) Pursuant to the cost-sharing agreement among, inter alia, the Corporation and Ivanhoe Mines Ltd., the Corporation paid Global Mining Management Corporation Cdn\$262,231 for Mr. Meredith's work on behalf of the Corporation in 2008. The aggregate sum of Cdn\$262,231 represents Cdn\$162,231 in base compensation, and Cdn\$100,000 in bonus compensation. For more information on the cost-sharing arrangement, please see "Interest of Informed Persons in Material Transactions".
- (7) Includes U.S.\$6,068 for vacation pay, U.S.\$896 for long term disability coverage, and U.S.\$1,158 for life insurance coverage.
- (8) Includes U.S.\$642 for life insurance coverage.
- (9) Includes U.S.\$28,330 for income taxes payable by Mr. Lehoux in Mongolia, and U.S.\$2,605 for life insurance coverage.
- (10) Includes U.S.\$20,173 for vacation pay, U.S.\$896 for long term disability coverage, and U.S.\$1,235 for life insurance coverage.
- (11) Includes U.S.\$14,325 for vacation pay, U.S.\$896 for long term disability coverage, and U.S.\$1,158 for life insurance coverage.

INCENTIVE PLAN AWARDS

Outstanding share-based awards and option-based awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (Cdn\$)	Option expiration date	Value of unexercised in-the-money options (US\$) ⁽¹⁾⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (US\$)
Peter Meredith ⁽³⁾ Chief Executive Officer	75,000 100,000 495,000	5.10 15.07 6.00	Nov. 27, 2013 Aug 27, 2013 June 22, 2012	455,418	Nil	Nil
Terry Krepiakovich ⁽⁴⁾ Chief Financial Officer	75,000 100,000 150,000	5.10 15.07 2.10	Nov. 27, 2013 Aug 27, 2013 June 19, 2011	690,845	Nil	Nil
Denis Lehoux ⁽⁵⁾ Vice President, SGS	75,000 100,000 50,000 50,000	5.10 15.07 6.00 2.30	Nov. 27, 2013 Aug 27, 2013 June 22, 2012 June 30, 2011	329,090	Nil	Nil
Richard Gosse ⁽⁶⁾ Vice President, Exploration	40,000 100,000 45,000 135,000 10,600	5.10 15.07 2.10 0.86 3.00	Nov. 27, 2013 Aug 27, 2013 June 19, 2011 March 21, 2010 Jan 22, 2009	927,262	Nil	Nil
Gene Wusaty ⁽⁷⁾ Chief Operating Officer, Coal Division	75,000 100,000 550,000	5.10 15.07 2.30	Nov. 27, 2013 Aug 27, 2013 June 30, 2011	2,155,824	Nil	Nil

NOTES:

- (1) The "Value of unexercised in-the-money options" is calculated on the basis of the difference between the closing price of the common shares on the TSX Venture on December 31, 2008 (Cdn\$6.860) and the Exercise Price of the options.
- (2) The value of unexercised in the money options as of December 31, 2008, has been converted from Canadian currency to U.S. Currency at a rate of 0.8166, which is the Bank of Canada noon buying rate on December 31, 2008.
- (3) Mr. Meredith exercised 30,000 options on Feb. 13, 2008, and 30,000 options on Feb. 28, 2008, at an exercise price of Cdn\$3.00. Mr. Meredith exercised 3,331 options on Feb. 13, 2008, and exercised 11,669 options on July 17, 2008, at an exercise price of Cdn\$2.10.
- (4) Mr. Krepiakovich exercised 40,000 options on Feb. 19, 2008, and exercised 50,000 options on April 11, 2008, at an exercise price of Cdn\$2.10.
- (5) Mr. Lehoux exercised 20,000 options on Feb. 27, 2008, 30,000 options on June 4, 2008, and 50,000 options on June 24, 2008, at an exercise price of Cdn\$6.00.
- (6) Mr. Gosse exercised 50,000 options on June 17, 2008 at an exercise price of Cdn\$2.30.
- (7) Mr. Wusaty exercised 30,000 options on April 22, 2008, 20,000 options on June 25, 2008, 5,000 options on June 18, 2008, 4,400 options on July 23, 2008, and 10,600 options on January 15, 2009, at an exercise price of Cdn\$3.00.

Incentive Plan Awards – value vested or earned during 2008

Name	Option-based awards — Value vested during the year (US\$) ⁽¹⁾	Share-based awards — Value vested during the year (US\$)	Non-equity incentive plan compensation — Value earned during the year (US\$)
Peter Meredith Chief Executive Officer	1,955,900	Nil	98,357
Terry Krepiakovich Chief Financial Officer	1,470,629	Nil	49,179
Denis Lehoux Vice President, SGS	1,437,488	Nil	50,000
Richard Gosse Vice President, Exploration	220,592	Nil	49,179
Gene Wusaty Chief Operating Officer, Coal Division	2,900,142	Nil	98,357

NOTES:

- (1) Value vested during the year represents the aggregate dollar value that would have been realized if a Named Executive Officer had exercised each his options that vested in 2008 on the date of such vesting. The value vested during the year is converted from Canadian currency to U.S. Currency based on the Bank of Canada noon rate at the date of vesting of each option as follows:

Name	Number Vested	Exercise Price (Cdn\$)	Vesting Date	Exchange Rate	Value on Vesting (U.S.\$)
Peter Meredith Chief Executive Officer	11,667 165,000	2.10 6.00	June 19, 2008 June 22, 2008	0.9870 0.9831	171,574 1,784,326

Name	Number Vested	Exercise Price (Cdn\$)	Vesting Date	Exchange Rate	Value on Vesting (U.S.\$)
Terry Krepiakevich Chief Financial Officer	100,000	2.10	June 19, 2008	0.9870	1,470,629
Denis Lehoux Vice President, SGS	50,000 50,000	2.30 6.00	June 30, 2008 June 22, 2008	0.9817 0.9831	896,783 540,705
Richard Gosse Vice President, Exploration	15,000	2.10	June 19, 2008	0.9870	220,592
Gene Wusaty Chief Operating Officer, Coal Division	200,000	2.30	June 20, 2008	0.9831	2,900,142

PENSION PLAN BENEFITS

The Corporation does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Mr. Krepiakevich's employment contract with the Corporation provides that: (a) in the case of termination for cause, the Corporation must pay wages earned to the date of termination, vested options shall remain exercisable for six (6) months after termination, and unvested options shall immediately terminate; (b) in the case of termination without cause the Corporation must pay six (6) months wages in a lump sum, and cause all of the unvested options held by Mr. Krepiakevich to vest immediately and remain exercisable for the period ending the earlier of six (6) months from the date of termination and the expiry date of the particular option; (c) in the case of termination or resignation by Mr. Krepiakevich for good reason (including constructive dismissal) within twelve (12) months of a change of control, the Corporation must pay twelve (12) months wages in a lump sum and cause all of the unvested options to vest immediately and remain exercisable for the period ending the earlier of six months from the date of termination and the expiry date of the particular option; and, (d) in the case of voluntary resignation, Mr. Krepiakevich must give the Corporation at least three (3) months notice of resignation, the Corporation must continue to pay salary and benefits to Mr. Krepiakevich in the normal course during the notice period, all vested options shall remain exercisable for the period ending the earlier of six months from the date of termination and the expiry date of the particular option, and all unvested options immediately terminate.

The following is an estimate of incremental payments to Mr. Krepiakevich in the above scenarios (a) to (d), based on his annual salary as at December 31, 2008, and the value of his options as at December 31, 2008: (a) no further wages and no acceleration of unvested options, for a total of NIL; (b) lump sum of Cdn\$102,500 (US\$83,702 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008) and accelerated stock options with an aggregate in the money value of Cdn\$132,000 (US\$107,791 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008), for a total of US\$191,493; (c) lump sum of Cdn\$205,000 (US\$167,403 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008) and accelerated stock options with an aggregate in the money value of Cdn\$132,000 (US\$107,791 converted at 0.8166, the Bank of Canada noon buying rate on

December 31, 2008), for a total of US\$275,194; and, (d) salary in the normal course for three months of Cdn\$51,250 (US\$41,851 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008), benefits of US\$2,054, and no acceleration of unvested options, for a total of US\$43,881.

Mr. Lehoux has an employment contract with SouthGobi Sands LLC ("SGS"), a wholly owned subsidiary of the Corporation. The employment contract provides that: (a) in the case of termination for cause SGS must pay wages earned to the date of termination; (b) SGS may terminate employment without cause upon one (1) months notice; (c) in the case of termination within twelve (12) months of a change of control of the Corporation, the Corporation must pay twelve (12) months wages in a lump sum and continue the payment of benefits for twelve (12) months, or until Mr. Lehoux commences alternate employment; (d) in the case of voluntary resignation, Mr. Lehoux must give SGS one (1) months notice of resignation, and SGS must continue to pay salary and benefits to Mr. Lehoux in the normal course during the notice period; and, (e) Mr. Lehoux is bound by a confidentiality agreement that survives termination of his employment with SGS.

The following is an estimate of payments to Mr. Lehoux in the above scenarios (a) to (d), based on his annual salary as at December 31, 2008, and the value of his options as at December 31, 2008: (a) no further wages and no acceleration of unvested options, for a total of NIL; (b) salary in the normal course for one month of US\$18,000 and no acceleration of unvested options, for a total of US\$18,000; (c) lump sum of US\$216,000, benefits of US\$30,935, and no acceleration of unvested options, for a total of US\$246,935; and, (d) salary in the normal course for one month of US\$18,000 and no acceleration of unvested options, for a total of US\$18,000.

Mr. Gosse's employment agreement with the Corporation was extinguished by written agreement on December 30, 2008, in connection with the sale of the Corporation's Metals Division to Ivanhoe Mines Ltd. As of December 31, 2008, Mr. Gosse was an employee of Ivanhoe Mines Ltd. The Corporation did not pay any severance, termination fees or benefits to Mr. Gosse in connection with the transfer of his employment to Ivanhoe Mines Ltd., and has no continuing liability to Mr. Gosse, who waived all right to notice, payment in lieu of notice, severance payments, benefits, damages or any sum whatsoever arising from the extinguishment of his employment agreement with the Corporation.

Mr. Wusaty's employment contract with the Corporation provides that: (a) in the case of termination for cause the Corporation must pay wages earned to the date of termination, vested options shall remain exercisable for six (6) months after termination, and unvested options shall immediately terminate; (b) in the case of termination without cause the Corporation must pay fifteen (15) months wages in a lump sum, and cause all of the unvested options held by Mr. Wusaty to vest immediately and remain exercisable for six (6) months from the date of termination; (c) in the case of termination within six (6) months of a change of control, the Corporation must pay twelve (12) months wages in a lump sum; (d) in the case of voluntary resignation, Mr. Wusaty must give the Corporation at least eight (8) weeks notice of resignation, the Corporation must continue to pay salary and benefits to Mr. Wusaty in the normal course during the notice period, and all vested options shall remain exercisable for six months from the date of termination; (e) Mr. Wusaty is bound by a confidentiality agreement that survives termination of his employment; and, (f) Mr Wusaty is bound by a non-competition clause effective for twelve (12) months following the termination of his employment agreement.

The following is an estimate of incremental payments to Mr. Wusaty in the above scenarios (a) to (d), based on his annual salary as at December 31, 2008, and the value of his options as at December 31, 2008: (a) no further wages and no acceleration of unvested options, for a total of

NIL; (b) lump sum of Cdn\$343,750 (US\$280,706 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008), and accelerated stock options with an aggregate in the money value of Cdn\$132,000 (US\$107,791 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008), for a total of US\$388,497; (c) lump sum of Cdn\$275,000 (US\$224,565 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008) and no acceleration of unvested options, for a total of US\$224,565; and, (d) salary in the normal course for eight weeks of Cdn\$42,308 (US\$34,549 converted at 0.8166, the Bank of Canada noon buying rate on December 31, 2008), benefits of US\$2,054, and no acceleration of unvested options, for a total of US\$36,603.

The Corporation is a party to a cost-sharing agreement with certain other public and private companies, please see “Interest of Informed Persons in Material Transactions” for more information. Costs of certain part-time employees are recovered from the Corporation under the cost-sharing agreement, in proportion to the time spent by the shared part-time employees on matters pertaining to the Corporation. Mr. Meredith is employed by Ivanhoe Mines Ltd. and, pursuant to the terms of Mr. Meredith’s employment contract with Ivanhoe Mines Ltd. and the cost-sharing agreement, Ivanhoe Mines Ltd. is permitted to make the services of Mr. Meredith available to the Corporation. In 2008, Mr. Meredith worked for the Corporation for 606 hours and the Corporation paid Cdn\$162,231 for these services pursuant to the terms of the cost-sharing agreement. The Corporation does not have any liability to Mr. Meredith under the terms of his employment agreement with Ivanhoe Mines Ltd., including upon the termination or resignation of Mr. Meredith, or upon a change of control of Ivanhoe Mines Ltd. or the Corporation.

COMPENSATION OF DIRECTORS

**Director Compensation Table
(U.S.\$)**

Name ⁽¹⁾	Fees Earned (\$) ^{(6) (9)}	Share-based awards (\$)	Option-based awards (\$) ⁽⁷⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Macken	Nil ⁽⁸⁾	Nil	488,782	Nil	Nil	Nil	488,782
Pierre Lebel	59,742 ⁽²⁾	Nil	269,592	Nil	Nil	Nil	329,334
André Deepwell	43,869 ⁽³⁾	Nil	269,592	Nil	Nil	Nil	313,461
R. Edward Flood	15,902	Nil	269,592	Nil	Nil	Nil	285,494
Robert Hanson	35,093 ⁽⁴⁾	Nil	269,592	Nil	Nil	Nil	304,685
R. Stuart Angus	36,848 ⁽⁵⁾	Nil	269,592	Nil	Nil	Nil	306,440

NOTES:

- (1) Information with respect to Mr. Meredith has been included in the Summary Compensation Table for executive officers, and is not reported in the Director Compensation section of this Information Circular.
- (2) Effective May 21, 2008, and in addition to any fees earned and the annual retainer of Cdn\$25,000, as Lead Director Mr. Lebel receives Cdn\$60,000 per annum.

- (3) Effective May 21, 2008, as Chairman of the Audit Committee Mr. Deepwell receives Cdn\$25,000 per annum in addition to the annual retainer and any meeting fees earned.
- (4) Effective May 21, 2008, as Chairman of the Nominating and Corporate Governance Committee Mr. Hanson receives Cdn\$25,000 per annum in addition to the annual retainer and any meeting fees earned.
- (5) Effective May 21, 2008, as Chairman of the Compensation and Benefits Committee Mr. Angus receives C\$25,000 per annum in addition to the annual retainer and any meeting fees earned.
- (6) Prior to May 21, 2008, directors did not receive annual compensation from the Corporation except for Mr. Lebel who received Cdn\$1,500 per month for duties as Lead Director, and Mr. Deepwell who received Cdn\$1,000 per month for duties as Chair of the Audit Committee. Effective May 21, 2008 each non-management director receives an annual retainer of Cdn\$25,000 per annum and Cdn\$1,500 per in person meeting attended (Board or Committee) and Cdn\$600 per conference call meeting attended (Board or Committee). Management directors (Mr. Meredith and Mr. Macken) do not receive any fees.
- (7) This column includes the option grants made by the Corporation to the directors in 2008. The Corporation uses the Black-Scholes option-pricing model for determining fair value of stock options issued at the grant date. The Corporation has chosen to use the Black-Scholes model because it is an accepted industry standard and is appropriate for the Corporation's financial reporting requirements to securities regulatory authorities. The practice of the Corporation is to grant all option based awards in Canadian currency, then convert the grant date fair value amount to U.S. currency for reporting the value of the grants in the Corporation's financials. The conversion rate for each grant is the noon bank of Canada rate on the date the grant is made. The conversion rates used for converting the grants to the directors in the Director Compensation Table from Canadian currency to U.S. currency are:

Name	Option Grant	Grant Date	Conversion Rate	Grant Date Fair Value (U.S.\$)	Grant Date Fair Value (Cdn\$)
John Macken	50,000	August 27, 2008	0.9537	373,003	391,111
	40,000	November 27, 2008	0.8111	115,779	142,744
Pierre Lebel	25,000	May 21, 2008	1.0158	211,702	208,400
	20,000	November 27, 2008	0.8111	57,890	71,372
André Deepwell	25,000	May 21, 2008	1.0158	211,702	208,400
	20,000	November 27, 2008	0.8111	57,890	71,372
R. Edward Flood	25,000	May 21, 2008	1.0158	211,702	208,400
	20,000	November 27, 2008	0.8111	57,890	71,372
Robert Hanson	25,000	May 21, 2008	1.0158	211,702	208,400
	20,000	November 27, 2008	0.8111	57,890	71,372
R. Stuart Angus	25,000	May 21, 2008	1.0158	211,702	208,400
	20,000	November 27, 2008	0.8111	57,890	71,372

- (8) The Corporation does not pay fees to Mr. Macken for his duties as a director because Mr. Macken is the Chief Executive Officer of Ivanhoe Mines Ltd., a major shareholder of the Corporation.
- (9) The fees earned have been converted from Canadian currency to U.S. currency based on the Bank of Canada noon rate on the date the fees were paid.

Share-based awards, option-based awards and non-equity incentive plan compensation

Outstanding share-based awards and option-based awards

Name ⁽¹⁾	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (Cdn\$)	Option expiration date	Value of unexercised in-the-money options (U.S.\$) ^{(6),(7)}	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (U.S.\$)
John Macken	40,000 50,000 250,000	5.10 15.07 6.00	Nov. 27, 2013 Aug. 27, 2013 June 22, 2012	233,058	Nil	Nil
Pierre Lebel ⁽²⁾	20,000 25,000 75,000 35,000 45,000	5.10 13.80 6.00 2.10 0.86	Nov. 27, 2013 May 21, 2013 June 22, 2012 June 19, 2011 March 21, 2010	437,943	Nil	Nil
André Deepwell ⁽³⁾	20,000 25,000 50,000 35,000 45,000	5.10 13.80 6.00 2.10 0.86	Nov. 27, 2013 May 21, 2013 June 22, 2012 June 19, 2011 March 21, 2010	420,386	Nil	Nil
R. Edward Flood ⁽⁴⁾	20,000 25,000 33,334 16,667	5.10 13.80 6.00 4.81	Nov. 27, 2013 May 21, 2013 June 22, 2012 April 17, 2012	80,055	Nil	Nil
Robert Hanson	20,000 25,000 150,000	5.10 13.80 2.30	Nov. 27, 2013 May 21, 2013 June 30, 2011	587,299	Nil	Nil
R. Stuart Angus ⁽⁵⁾	20,000 25,000 120,000	5.10 13.80 2.30	Nov. 27, 2013 May 21, 2013 June 30, 2011	475,588	Nil	Nil

NOTES:

- (1) Information with respect to Mr. Meredith has been included in the Summary Compensation Table for executive officers, and is not reported in the Director Compensation section of this Information Circular.
- (2) Mr. Lebel exercised 30,000 options on February 26, 2008, 30,000 options on March 5, 2008, and 30,000 options on April 10, 2008, all at an exercise price of Cdn\$3.00.
- (3) Mr. Deepwell exercised 5,000 options on March 6, 2008, 5,000 options on April 10, 2008, 5,000 options on April 21, 2008, 5,000 options on June 3, 2008, 10,000 options on June 16, 2008, 5,000 options on July 16, 2008, 10,000 options on July 18, 2008, 10,000 options on July 28, 2008, 10,000 options on Sept. 18, 2008, 10,000 options on Sept. 26, 2008, 8,000 options on Oct. 6, 2008 and 7,000 options on Oct. 16, 2008, all at an exercise price of Cdn\$3.00.
- (4) Mr. Flood exercised 16,669 options on July 3, 2008 at an exercise price of Cdn\$2.10.
- (5) Mr. Angus exercised 30,000 options on July 3, 2008 at an exercise price of Cdn\$2.30.
- (6) The "Value of unexercised in-the-money options" is calculated on the basis of the difference between the closing price of the common shares on the TSX Venture on December 31, 2008 and the Exercise Price of the options.
- (7) The value of unexercised in the money options as of December 31, 2008, has been converted from Canadian currency to U.S. Currency at a rate of 0.8166, which is the Bank of Canada noon buying rate on December 31, 2008.

Incentive Plan Awards – value vested or earned during 2008

Name ⁽¹⁾	Option-based awards — Value vested during the year (U.S.\$) ⁽²⁾	Share-based awards — Value vested during the year (U.S.\$)	Non-equity incentive plan compensation — Value earned during the year (U.S.\$)
John Macken	901,175	Nil	Nil
Pierre Lebel	441,926	Nil	Nil
André Deepwell	351,809	Nil	Nil
R. Edward Flood	425,220	Nil	Nil
Robert Hanson	896,783	Nil	Nil
R. Stuart Angus	896,783	Nil	Nil

NOTES:

- (1) Information with respect to Mr. Meredith has been included in the Summary Compensation Table for executive officers, and is not reported in the Director Compensation section of this Information Circular.
- (2) Value vested during the year represents the aggregate dollar value that would have been realized if a director had exercised each his options that vested in 2008 on the date of such vesting. The value vested during the year is converted from Canadian currency to U.S. Currency based on the Bank of Canada noon rate at the date of vesting of each option as follows:

Name	Number Vested	Exercise Price (Cdn\$)	Vesting Date	Exchange Rate	Value on Vesting (U.S.\$)
John Macken	83,333	6.00	June 22, 2008	0.9831	901,175
Pierre Lebel	11,667 25,000	2.10 6.00	June 19, 2008 June 22, 2008	0.9870 0.9831	171,574 270,352
André Deepwell	11,667 16,667	2.10 6.00	June 19, 2008 June 22, 2008	0.9870 0.9831	171,574 180,235
R. Edward Flood	11,667 8,333 16,667	2.10 4.81 6.00	June 19, 2008 April 17, 2008 June 22, 2008	0.9870 1.0022 0.9831	171,574 73,411 180,235
Robert Hanson	50,000	2.30	June 30, 2008	0.9817	896,783
R. Stuart Angus	50,000	2.30	June 30, 2008	0.9817	896,783

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to the Corporation's existing equity compensation plan as at December 31, 2008:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (Cdn\$) (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflecting in column (a)) (c)
Equity compensation plans approved by shareholders	6,586,055	\$7.18	3,913,800
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Total	6,586,055	\$7.18	3,913,800

Employees' and Directors' Equity Incentive Plan

The following is a summary of the material terms of the Corporation's Employees' and Directors' Equity Incentive Plan (the "Plan") and is qualified in its entirety by reference to the specific terms of the Plan, a copy of which is included in Exhibit "B" to this Information Circular.

Overview

The purpose of the Plan is to provide a means through which the Corporation and its subsidiaries may provide incentives to their directors, employees and service providers, who will be largely responsible for the Corporation's future growth and success, by permitting them to participate in the equity ownership of the Corporation through the issuance of options to purchase the Common Shares, the grant of bonus Common Shares and the opportunity to purchase Common Shares through participant and the Corporation's corporate contributions. The Plan has three components, referred to as the Share Option Plan, the Share Bonus Plan and the Share Purchase Plan. The Share Bonus Plan, and any awards thereunder, would only become effective upon the approval of the TSX-V. The Share Purchase Plan will be inoperative as long as the Corporation's Common Shares are listed on the TSX-V and the Corporation is classified as a Tier 2 issuer.

Eligibility

Any officer or other employee or director of the Corporation or any of its subsidiaries or any consultant providing services to the Corporation or any of its subsidiaries will be eligible to participate in the Plan, provided that only key employees or consultants who have been continuously employed by or providing services to the Corporation or any of its subsidiaries for twelve (12) months may be designated to participate in the Share Purchase Plan, unless otherwise determined by the Corporation's Board of Directors.

The Board of Directors has the authority to determine the participants to whom awards shall be granted under the Plan.

Number of Common Shares Authorized

The aggregate maximum number of Common Shares which may at any time be subject to issuance under the Plan will not exceed 10% of the total number of Common Shares, on a non-diluted basis, that are issued and outstanding as of the date that any Common Shares are issued or reserved for issuance pursuant to an award under the Plan to an insider or such insider's associates, excluding any Common Shares issued under the Plan during the immediately preceding 12 month period. If an award expires or terminates for any reason prior to the holder of such award exercising the award or receiving any other economic benefit therefrom, as the case may be, the number of Common Shares previously subject to but not delivered under such award shall be available to be awarded thereafter.

Transferability

Each benefit, right or option accruing under the Plan may be exercised during the participant's lifetime only by the participant and may not be transferred by a participant other than, in the case of options, by will or by the laws of descent and distribution.

Amendment

The Board of Directors may amend, modify or terminate the Plan at any time in its absolute discretion, provided that any material changes to the Plan are subject to approval by the TSX-V or any other exchanges on which the Common Shares are listed if such approval is necessary to comply with any regulatory requirement; provided further that certain specified material changes to the terms of the Plan including those involving material increases in the number of Common Shares available under the plan or material modification to the eligibility requirement for participation in the plan is effective only upon approval of the disinterested Shareholders of the Corporation. No action that would change any previous award to a participant will be effective without the consent of the participant to whom such award was made.

Administration

The Plan will be administered by the Corporation's Compensation and Benefits Committee (the "Committee"), who will make recommendations to the Corporation's Board of Directors with respect to the recipients and terms of all awards under the Plan. The Corporation's Board of Directors is ultimately responsible for approving all such awards.

Share Option Plan

An option granted under the Share Option Plan provides a participant with the right to purchase, within a specified period of time, a stated number of Common Shares at a specified exercise price. Options granted under the Share Option Plan will be subject to terms and conditions, including exercise price and conditions and timing of exercise, that are consistent with the Plan, as may be determined by the Board of Directors and specified in the applicable option agreement. The maximum term of an option granted under the Share Option Plan is five years from the date of grant, or such greater or lesser term as permitted by the TSX-V or any other exchanges on which the Common Shares are then listed.

The exercise price for each option granted under the Share Option Plan will be determined by the Board of Directors at the time of grant and will not be less than 100% of the fair market value of one Common Share on the date the option is granted. Pursuant to TSX-V policies, the exercise price must also not be less than the discounted market price (as defined in such policies). Unless otherwise determined by the Board of Directors, an option becomes vested

and exercisable in equal annual increments over the life of the option, subject to the earlier termination or forfeiture of the options due to the termination of the participant's employment or services with the Corporation as described more fully below.

As long as the Common Shares are listed on the TSX-V and the Corporation is classified as a Tier 2 issuer, the exercise price must be paid by the participant in cash.

The Plan contains a provision that allows the Board of Directors to authorize the Corporation to loan money to a participant employee or consultant to pay the exercise price of an option on terms and conditions that include:

- interest at a prevailing market rate,
- a maximum one-year repayment term, and
- the Common Shares underlying the option that are equal in value to the loan amount, or its equivalent, must be held as security, or collateral, for the loan, which security may be held on a non-recourse basis.

For as long as the Common Shares are listed on the TSX-V, these loan provisions will be inoperative.

In addition, the Plan allows the Board of Directors to permit a participant to exercise his or her option without paying the exercise price, but instead of receiving all of the Common Shares underlying the option, the participant would receive the number of Common Shares equal to:

- the aggregate fair market value of the Common Shares underlying the portion of the option being exercised on the day immediately preceding the date of exercise, minus the aggregate exercise price of the portion of the option being exercised, divided by
- the fair market value of a Common Share on the day immediately preceding the date of exercise.

This provision will remain inoperative so long as the Common Shares are listed on the TSX-V and the Corporation is classified as a Tier 2 issuer.

If, prior to the end of the option term, the participant dies while still employed by or providing services to the Corporation or its subsidiaries, the participant's options that were vested at the time of his or her death will remain exercisable until twelve months following the date of the participant's death or, if earlier, until the end of the option term. If, prior to the end of the option term, the participant's employment or service with the Corporation or its subsidiaries terminates for any reason other than cause or death, the participant may exercise any vested portion of the participant's option within ninety days of the date of such termination of employment or services. If a participant's employment or service with the Corporation or its subsidiaries is terminated for cause, the option shall expire immediately upon termination of employment or service.

Share Bonus Plan

The Board of Directors, on the recommendation of the Committee, and subject to approval of the TSX-V, may, in its discretion, grant awards of Common Shares as discretionary bonuses up to a maximum in any calendar year of 1,000,000 Common Shares. Any such awards may be subject to any restrictions or provisions as the Board of Directors may determine.

Share Purchase Plan

The Share Purchase Plan provisions of the Plan will be inoperative as long as the Common Shares are listed on the TSX-V and the Corporation is classified as a Tier 2 issuer. Once a key employee or consultant has been designated by the Board of Directors, on the recommendation of the Committee, as an eligible participant in the Share Purchase Plan, he or she may elect to contribute a certain amount of money to the Share Purchase Plan, provided that the participant's contribution may not exceed 10% of his or her annual base salary from the Corporation or any of its affiliates in effect at the time of the election. The participant's election will remain effective, from year to year, until revoked in writing by the participant or, if earlier, until the Board of Directors terminates or suspends the Share Purchase Plan.

The Corporation will, at the same time as each participant contribution to the Share Purchase Plan is made, credit and hold in trust an amount equal to the participant's contribution until immediately prior to the date Common Shares are issued to the participant pursuant to the Share Purchase Plan.

On a quarterly basis, the Corporation will issue to the participant the number of whole Common Shares equal to the sum of the participant's contribution plus the Corporation's contribution, divided by the weighted average price per share of the Common Shares on the exchange or exchanges on which the Common Shares may be traded at the time of issuance for the 90-day period immediately preceding the date of issuance.

Following a participant's termination of employment or service with the Corporation or any of its subsidiaries (including the participant's death), the participant will cease participation in the Share Purchase Plan and any participant contributions then held by the Corporation will be distributed to the participant, or his or her estate, as the case may be.

In the event that the Corporation combines or merges with or into another company, on the first date Common Shares would be issued pursuant to the Share Purchase Plan that follows the combination or merger, the participant will receive the securities, property or cash to which the participant would have been entitled in the combination or merger had the Common Shares been issued immediately prior to the combination or merger.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than "routine indebtedness" as that term is defined in applicable securities legislation, no director or executive officer of the Corporation, or associate or affiliate of any such director or executive officer, is or has been indebted to the Corporation or any of its subsidiaries since the beginning of the last completed financial year of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below or elsewhere in this Management Proxy Circular, no "informed person", being an insider and the Corporation itself if it holds its own shares of the Corporation nor any associate or affiliate of an informed person of the Corporation, has any material interest, direct or indirect, in any material transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation.

The Corporation is a party to a shareholders' cost-sharing agreement with certain other public and private companies, including Ivanhoe Mines Ltd. (the "Other Companies"), pursuant to

which the Corporation and the Other Companies are equal shareholders in Global Mining Management Corporation ("GMM") and, through GMM, share office space, furnishings and equipment and communications facilities (on a cost recovery basis) and the employment, on a part-time basis, of various administrative, office and management personnel in Vancouver, British Columbia. The Other Companies are Ivanhoe Mines Ltd. (TSX; NYSE; Nasdaq), Ivanhoe Energy Inc. (TSX; Nasdaq), Jinshan Gold Mines Inc. (TSX), Peregrine Diamonds Ltd. (TSX), Ivanhoe Capital Corporation, Ivanhoe Nickel & Platinum Ltd., GoviEx Gold Inc. and GoviEx Uranium Inc. Costs of the shared office facilities and the shared part-time employees are recovered from the Corporation proportionate to the time spent by the shared part-time employees on matters pertaining to the Corporation. Certain of the directors and officers of the Corporation are also officers and directors of GMM. The Corporation's Vice President and Corporate Secretary, Controller and Assistant Corporate Secretaries are employees of GMM. During the year ended December 31, 2008, the Corporation's share of these costs was US\$2,455,334.

VOTES NECESSARY TO PASS RESOLUTIONS

Pursuant to the Articles of the Corporation, a quorum for the transaction of business at any meeting of shareholders is at least two members or proxyholders present at the commencement of the Meeting.

Under the Business Corporations Act (British Columbia) ("BCBCA") and its regulations, a simple majority of the votes cast at the Meeting is required to pass all ordinary resolutions. For a special resolution to be passed, a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of the special resolution must be obtained.

At the Meeting shareholders will be asked to vote on an ordinary resolution to approve the Corporation's Employees' and Directors' Equity Incentive Plan (the "Plan"). Please see "Annual Approval of Employees' and Directors' Equity Incentive Plan" for more information. For purposes of the annual approval by ordinary resolution of the Plan, recipients or potential recipients of awards under the Plan, including certain insiders of the Corporation, may vote and have their votes counted for purposes of such approval.

Shareholders are entitled to, and will be asked, to elect directors and appoint auditors for the ensuing year. If there are more nominees for election as directors or for appointment as the Corporation's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

ELECTION OF DIRECTORS

Term of Office

The Corporation's articles provide that the number of directors of the Corporation will be a minimum of three (3) and a maximum of ten (10). The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the BCBCA, each director elected will hold office until the conclusion of the next Annual General Meeting of the Corporation or, if no director is then elected, until a successor is elected.

Management Nominees

The following table sets out the names of management's nominees for election as directors, their ages, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at March 27, 2009, and the number of options to purchase Common Shares of the Corporation held by each as at March 27, 2009.



John Macken
Somerville,
Massachusetts, U.S.A.
Age: 57
Chairman and Director
Since: 2007

Director Status:
Non-Independent⁽³⁾

Areas of Experience:
CEO/Board
Exploration
Engineering
Mining Industry
Project Development and
Management
Managing/Leading
Growth

Mr. Macken has been the Chairman of SouthGobi Energy Resources Ltd. since June, 2007. He joined Ivanhoe Mines Ltd., the Corporation's principal shareholder, in 2003 and is its President and Chief Executive Officer. He has been a member of Ivanhoe's Executive Committee since its formation in March, 2005. Prior to joining Ivanhoe, Mr. Macken spent 19 years with Freeport McMoran Copper and Gold, most recently as Freeport's Senior Vice-President of Strategic Planning and Development.

Mr. Macken spent a total of 13 years with Freeport's operating unit, PT Freeport Indonesia. He culminated his tour of duty as Executive Director PT FI and the General manager of the Grasberg open pit and underground mining complex in Papua, the world's largest single copper and gold mine, and from 1996 to 2000 he held the position of Senior Vice-President, Strategic Planning and Development at Freeport's corporate office. Between 1996 and 1998, Mr. Macken headed and completed ahead of schedule and under budget an expansion valued at almost U.S.\$1 billion at the Grasberg mining complex.

Mr. Macken graduated from Trinity College in Dublin in 1976 with a BA and BAI (Hon) in engineering.

Principal Occupation, Business or Employment⁽¹⁾

Chairman of the Corporation (June 2007 – present); Chief Executive Officer of Ivanhoe Mines Ltd. (May 2006 - present); President of Ivanhoe Mines Ltd. (January 2004 – present); Independent Consultant (2000 – January 2004); Senior Vice President of Freeport McMoran Copper & Gold (1996 – 2000)

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors – Chair	6 of 8	75%	Ivanhoe Mines Ltd. (TSX; NYSE, Nasdaq)	2004
Total:	6 of 8	75%	Western Lithium Corporation (TSX-V)	2008
			Ivanhoe Australia Limited (ASX) (Safety, Health and Environmental Committee - Chair)	2007

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	Nil	Nil
2008	Nil	Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
August 27, 2008	August 27, 2013	50,000	Nil /50,000 ⁽⁸⁾	\$15.07	50,000	Nil
November 27, 2008	November 27, 2013	40,000	Nil /40,000 ⁽⁹⁾	\$5.10	40,000	\$218,000
June 22, 2007	June 22, 2012	250,000	166,666/83,333 ⁽¹⁰⁾	\$6.00	250,000	\$1,137,500

Value of Equity at Risk

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	Nil	\$1,355,500	\$1,355,500
2008	Nil	\$1,750,000	\$1,750,000



Pierre Lebel
 North Vancouver, British Columbia, Canada
 Age: 59
 Director Since: 2003
 Lead Director Since: 2007

Director Status:
 Independent⁽⁴⁾

Areas of Experience:
 CEO/Board
 Legal
 Governance
 Mining Industry
 Compensation
 Financially Literate
 Project Development
 Managing/Leading
 Growth

Mr. Pierre Lebel is the Corporation's Lead Director and served as its Chairman from 2003 until June 2007. He has a distinguished career in mining spanning over 25 years, with a primary focus on mine financing, construction and development. Mr. Lebel currently serves as Chairman and a Director of Imperial Metals Corporation, a mine developer and operator.

In 1998, Mr. Lebel was awarded the E.A. Scholz Medal by the BC and Yukon Chamber of Mines in recognition of his outstanding contribution towards the construction and development of Imperial's Mount Polley copper/gold mine in British Columbia. Mr. Lebel holds an MBA from McMaster University and an LLB from the University of Western Ontario. He is a member of the law societies of British Columbia, Alberta and Ontario.

Mr. Lebel is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Chairman of the Board of Directors, Imperial Metals Corporation.

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors – Lead Director	8 of 8	100%	Imperial Metals Corporation (TSX) (Board of Directors – Chair; Audit Committee; Compensation Committee; Corporate Governance and Nominating Committee)	2003
Audit Committee	3 of 4	75%		
Nominating & Corporate Governance Committee	3 of 4	75%	Home Equity Income Trust (TSX) (Board of Directors – Chair; Corporate Governance and Compensation Committee)	2002
Compensation & Benefits Committee	3 of 4	75%	Zedi Inc. (TSX-V) (Audit Committee; Technology Committee)	2001
Total:	17 of 20	85%	Mining Association of British Columbia	2008

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	5,100	\$53,805
2008	23,500	\$305,500

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	20,000	Nil/20,000 ⁽⁹⁾	\$5.10	20,000	\$109,000
May 21, 2008	May 21, 2013	25,000	Nil/25,000 ⁽¹¹⁾	\$13.80	25,000	Nil
June 22, 2007	June 22, 2012	75,000	50,000/25,000 ⁽¹⁰⁾	\$6.00	75,000	\$391,250
June 19, 2006	June 19, 2011	35,000	35,000/Nil	\$2.10	35,000	\$295,750
Mar. 21, 2005	Mar. 21, 2010	45,000	45,000/Nil	\$0.86	45,000	\$436,050

Value of Equity at Risk

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	\$53,805	\$1,182,050	\$1,235,855
2008	\$305,500	\$1,752,800	\$2,058,300



Peter Meredith
 Vancouver, British Columbia, Canada
 Age: 65
 Director Since: 2003

Director Status:
 Non-Independent⁽³⁾
 (Management)

Areas of Experience:
 CEO/Board
 Finance
 Mining Industry
 Financially Literate
 Public Capital Markets

Mr. Peter Meredith has been the Chief Executive Officer of the Corporation since June, 2007. He has served as the Deputy Chairman of Ivanhoe Mines Ltd., the Corporation's principal shareholder, since May, 2006, overseeing Ivanhoe's business development and corporate relations. Prior to assuming the position of Deputy Chairman, Mr. Meredith was Ivanhoe's CFO from May, 2004, to May, 2006, and from June, 1999, to November, 2001. Prior to joining Ivanhoe, Mr. Meredith spent 31 years with Deloitte and Touche LLP, Chartered Accountants, and retired as a partner in 1996.

Mr. Meredith is a Chartered Accountant, a Certified Management Accountant and a member of the Canadian Institute of Chartered Accountants.

Principal Occupation, Business or Employment⁽¹⁾

Chief Executive Officer of the Corporation (June 2007 – present); Deputy Chairman of Ivanhoe Mines Ltd. (May 2006 – present); Chief Financial Officer of Ivanhoe Mines Ltd. (June 1999 – November 2001; May 2004 – May 2006); Senior Partner, Deloitte & Touche, chartered accountants, (1966 – 1996)

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors	8 of 8	100%	Ivanhoe Mines Ltd. (TSX; NYSE, Nasdaq)	2004
Total:	8 of 8	100%	Entrée Gold Inc. (TSX; AMEX) (Audit Committee – Chair; Compensation Committee)	2002
			Great Canadian Gaming Corporation (TSX) (Compensation Committee – Chair; Audit & Risk Committee)	2000
			Ivanhoe Energy Inc. (TSX; NASDAQ)	2007
			Ivanhoe Australia Limited (Nomination, Governance and Remuneration Committee)	2006

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	Nil	Nil
2008	10,000	\$130,000

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/ Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	75,000	Nil/75,000 ⁽⁹⁾	\$5.10	75,000	\$408,750
Aug 27, 2008	Aug 27, 2013	100,000	Nil/100,000 ⁽⁸⁾	\$15.07	100,000	Nil
June 22, 2007	June 22, 2012	495,000	330,000/ 165,000 ⁽¹⁰⁾	\$6.00	495,000	\$2,252,250

Value of Equity at Risk:

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	Nil	\$2,661,000	\$2,661,000
2008	\$130,000	\$3,628,500	\$3,758,500



André Deepwell
 Burnaby, British
 Columbia, Canada
 Age: 54
 Director Since: 2003

Director Status:
 Independent⁽⁴⁾

Areas of Experience:
 Governance
 Senior Officer
 Mining Industry
 Financially Literate
 Project Development
 Public Capital Markets

Mr. Deepwell has been the Chief Financial Officer and Corporate Secretary of a number of natural resource companies over the last fifteen years and is currently Chief Financial Officer and Corporate Secretary of Imperial Metals Corporation. Mr. Deepwell has been involved in all aspects of debt and equity financings and financial reporting for mining enterprises ranging from grassroots exploration to mine development and production.

Mr. Deepwell is a Chartered Accountant and a graduate of the University of British Columbia. He is also a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Chief Financial Officer and Corporate Secretary, Imperial Metals Corporation.

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors	8 of 8	100%	American Bullion Minerals Ltd.	2008
Audit Committee - Chair	4 of 4	100%		
Nominating & Corporate Governance Committee (Chair until May 21, 2008)	4 of 4	100%		
Compensation & Benefits Committee	4 of 4	100%		
Total:	20 of 20	100%		

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

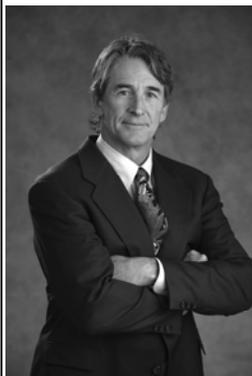
Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	Nil	Nil
2008	7,500	\$97,500

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	20,000	Nil/20,000 ⁽⁹⁾	\$5.10	20,000	\$109,000
May 21, 2008	May 21, 2013	25,000	Nil/25,000 ⁽¹¹⁾	\$13.80	25,000	Nil
June 22, 2007	June 22, 2012	50,000	33,330/ 16,670 ⁽¹⁰⁾	\$6.00	50,000	\$227,500
June 19, 2006	June 19, 2011	35,000	35,000/Nil	\$2.10	35,000	\$295,750
Mar. 21, 2005	Mar. 21, 2010	45,000	45,000/Nil	\$0.86	45,000	\$436,050

Value of Equity at Risk:

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	Nil	\$1,068,300	\$1,068,300
2008	\$97,500	\$2,217,800	\$2,315,300



R. Edward Flood
 London, England
 United Kingdom
 Age: 63
 Director Since: 2003

Director Status:
 Non-Independent⁽³⁾

Areas of Experience:
 CEO/Board
 Finance
 Geology
 Exploration
 Mining Industry
 Financially Literate
 Project Development
 Public Capital Markets

Ed Flood is the Managing Director, Investment Banking, for Haywood Securities (UK) Ltd., a subsidiary of one of Canada's leading independent investment dealers. He is also Chairman of Western Uranium Corporation, a mineral exploration corporation with a focus on uranium. Mr. Flood served as Deputy Chairman of Ivanhoe Mines Ltd. until February, 2007, assisting in developing the Corporation's growth and its establishment as a significant presence in Asia's mineral exploration and mining sectors. Mr. Flood was Ivanhoe's founding President.

Prior to joining Ivanhoe, from 1993 to 1995, Mr. Flood was a principal at Robertson Stephens & Co., a U.S. investment bank, and a member of Robertson Stephens' investment team. From 1983 to 1993, he served as Manager, Project Evaluation for NERCO Minerals Corporation. He also held the position of senior mining analyst with Haywood Securities Inc from 1999 to 2001.

Mr. Flood holds a Masters of Science (Geology) degree from the University of Montana and a BSc (Geology) degree from the University of Nevada. He is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Managing Director, Investment Banking, Haywood Securities (UK) Ltd. (March 2007 – present); Chairman of Western Uranium Corporation (March 2007 – present); Deputy Chairman of Ivanhoe Mines Ltd. (May 1999 – February 2007); Senior Mining Analyst, Haywood Securities Inc. (May 1999 – November 2001), President of Ivanhoe Mines Ltd. (1995 – 1999)

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors	8 of 8	100%	Ivanhoe Mines Ltd. (TSX;NYSE, Nasdaq)	1995
Nominating & Corporate Governance Committee (until March, 2008)	n/a	n/a	Western Uranium Corp. (TSX-V) (Chairman)	2007
Total:	8 of 8	100%	Columbia Goldfields Limited (TSX; OTCBB)	2007
			Western Lithium Canada Corporation (TSX-V)	2008

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	Nil	Nil
2008	Nil	Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	20,000 ⁽⁹⁾	Nil/20,000	\$5.10	20,000	\$109,000
May 21, 2008	May 21, 2013	25,000 ⁽¹¹⁾	Nil/25,000	\$13.80	25,000	Nil
June 22, 2007	June 22, 2012	50,000	33,334/ 16,666 ⁽¹⁰⁾	\$6.00	33,334 ⁽¹⁵⁾	\$151,670
April 17, 2007	April 17, 2012	25,000	16,667/ 8,333 ⁽¹³⁾	\$4.81	16,667 ⁽¹⁴⁾	\$95,669

Value of Equity at Risk:

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	Nil	\$356,339	\$356,339
2008	Nil	\$497,033	\$497,033



Robert Hanson is the Chairman of Hanson Westhouse Limited and Hanson Capital Investments Limited and the Hanson Transport Group Limited, and he is also Managing Partner of Millennium Hanson Internet Partners. He was formerly an Associate Director of N.M. Rothschild & Sons from 1983 to 1990, serving in London, Hong Kong, Chile and Spain. From 1990 to 1997, he served on the board of directors of Hanson plc, responsible for strategy, mergers and acquisitions transactions.

He was educated at Eton and received his MA in English Language & Literature from St Peter's College, Oxford.

Mr. Hanson is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Chairman of Hanson Capital Investments Limited (February 1998 – present), Hanson Transport Group (May 1990 – present), and Hanson Westhouse (City of London merchant bank) (2006 – present)

The Hon. Robert Hanson

London, England
United Kingdom
Age: 48
Director Since: 2007

Director Status:
Independent⁽⁴⁾

Areas of Experience:

Board
Finance
Governance
Compensation
Public Capital Markets

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors	8 of 8	100%	Ivanhoe Mines Ltd. (TSX; NYSE, Nasdaq) (Corporate Governance & Nominating Committee; Compensation & Benefits Committee)	2001
Compensation and Benefits Committee	4 of 4	100%		
Nominating and Corporate Governance Committee (Chair since May 21, 2008)	2 of 2	100%		
Total:	14 of 14	100%		

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	44,000 ⁽⁶⁾	\$464,200
2008	34,000	\$442,000

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	20,000	Nil/20,000 ⁽⁹⁾	\$5.10	20,000	\$109,000
May 21, 2008	May 21, 2013	25,000	Nil/25,000 ⁽¹¹⁾	\$13.80	25,000	Nil
June 30, 2006	June 30, 2011	150,000	100,000/50,000 ⁽¹²⁾	\$2.30	150,000	\$1,237,500

Value of Equity at Risk:

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	\$464,200	\$1,346,500	\$1,810,700
2008	\$442,000	\$1,605,000	\$2,047,000



Mr. Angus is an independent consultant to the mining industry. Previously, he was Managing Director – Mergers and Acquisitions with Endeavour Financial Corporation, which provides financial advisory services to the mining and minerals industries. Prior to joining Endeavour Financial in 2003, he was a senior partner in the law firm, Fasken Martineau DuMoulin, and head of its Global Mining Group.

Mr. Angus holds an LLB from the University of British Columbia and is a retired member of the Law Society of British Columbia. Mr. Angus is a member of the Institute of Corporate Directors.

Principal Occupation, Business or Employment⁽¹⁾

Independent Business Consultant (2006 - present); Managing Director, Mergers & Acquisitions, Endeavour Financial Corporation (2003 - 2005); Senior Partner, Fasken Martineau DuMoulin (2001 - 2003).

R. Stuart (Tookie) Angus
 Sechelt, British Columbia, Canada
 Age: 60
 Director Since: 2007

Director Status:
 Independent⁽⁴⁾

Areas of Experience:
 Board
 Legal
 Finance
 Mining Industry
 Financially Literate
 Public Capital Markets
 Compensation
 Governance

Board/Committee Membership:	2008 Attendance:		Other Public Corporation Board Membership:	
			Corporation:	Since:
Board of Directors	6 of 8	75%	Santa Fe Metals Corp. (TSX-V) (Chairman and Audit Committee)	2006
Audit Committee	3 of 4	75%	Wildcat Silver Corp. (TSX-V) (Audit Committee)	2006
Nominating and Corporate Governance Committee	3 of 4	75%	Tirex Resources Ltd. (TSX-V) (Chairman and Audit Committee)	2006
Compensation and Benefits Committee	2 of 4	50%	Ventana Gold Corp. (TSX-V) (Audit Committee)	2006
(since March, 2008 – Chair since May 21, 2008)			Uranium North Resources Corp. (TSX-V) (Audit Committee)	2006
Total:	14 of 20	70%	Stealth Energy Inc. (CNQ) (Audit Committee)	2006
			Bolero Resources Corp. (TSX-V) (Audit Committee)	2006
			Coro Mining Corp. (TSX) (Audit Committee)	2005
			Tsodilo Resources Limited (TSX-V) (Audit Committee)	2004
			IMA Exploration Inc. (TSX-V) (Audit Committee)	2003
			CMQ Resources Inc. (TSX-V)	2003
			Nevsun Resources Ltd. (TSX) (Chairman)	2003
			Plutonic Power Corp. (TSX) (Audit Committee)	1999
			Dynasty Gold Corp. (TSX-V) (Chairman, Audit Committee)	1999
			Blackstone Ventures Inc. (TSX-V) (Audit Committee)	1997

Common Shares Beneficially Owned, Controlled or Directed: ^{(1) (2)}

Year	Common Shares	Total Market Value of Common Shares ⁽⁵⁾
2009	Nil	Nil
2008	Nil	Nil

Options Held:

Date Granted	Expiry Date	Number Granted	Vested/Unvested	Exercise Price	Total Unexercised	Value of Unexercised Options ⁽⁷⁾
Nov. 27, 2008	Nov. 27, 2013	20,000	Nil/20,000 ⁽⁹⁾	\$5.10	20,000	\$109,000
May 21, 2008	May 21, 2013	25,000	Nil/25,000 ⁽¹¹⁾	\$13.80	25,000	Nil
June 30, 2006	June 30, 2011	150,000	150,000/Nil ⁽¹²⁾	\$2.30	120,000 ⁽¹⁶⁾	\$990,000

Value of Equity at Risk:

Year	Common Shares ⁽⁵⁾	Unexercised Options ⁽⁷⁾	Total
2009	Nil	\$1,099,000	\$1,099,000
2008	Nil	\$1,605,000	\$1,605,000

NOTES:

- (1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Corporation and has been furnished by the nominee.
- (2) Does not include unissued Common Shares issuable upon the exercise of incentive stock options.
- (3) See the section entitled "Corporate Governance" for a description of the reasons why the Corporation does not consider this nominee to be independent.
- (4) "Independent" refers to the standards of independence established under Canadian Securities Administrators' National Instrument 58-101.
- (5) "Total Market Value" is calculated by multiplying the Canadian dollar closing price of the common shares on the TSX Venture Exchange on each of March 27, 2009 (\$10.55) and March 27, 2008 (\$13.00), respectively, by the number of Common Shares held by the nominee as of those dates.
- (6) Mr. Hanson holds 27,500 shares directly and 16,500 indirectly.
- (7) The "Value of Unexercised Options" is calculated on the basis of the difference between the closing price of the Common Shares on the TSX Venture Exchange on March 27, 2009 and the Exercise Price of the options multiplied by the number of unexercised options on March 27, 2009, vested and unvested.
- (8) The options granted on August 27, 2008 vest as to one-third on the first anniversary of the grant, one-third on the second anniversary of the grant, and will be fully vested on August 27, 2011, the third anniversary of the grant.
- (9) The options granted on November 27, 2008 vest as to one-third on the first anniversary of the grant, one-third on the second anniversary of the grant, and will be fully vested on November 27, 2011, the third anniversary of the grant.
- (10) The options granted on June 22, 2007 vest as to one-third on the date of the grant, one-third on the first anniversary of the grant, and will be fully vested on June 22, 2009, the second anniversary of the grant.
- (11) The options granted on May 21, 2008 fully vest on May 21, 2009, the first anniversary of the grant.
- (12) Each of Messrs. Hanson and Angus were appointed directors of Mongolia Holding Company, a wholly-owned subsidiary of the Corporation, on June 29, 2006, and were conditionally granted 150,000 options to purchase 150,000 Common Shares subject to the following conditions: (a) approval by the Corporation's shareholders of a new equity incentive plan (received August 8, 2006); (b) TSX-V acceptance in writing of the new plan (received May 25, 2007); and (c) completion of the Coal Transaction (completed May 29, 2007). Accordingly, the grant of these options became unconditional as of May 29, 2007 and such options became exercisable (subject to applicable vesting terms) as of that date.
- (13) The options granted on April 17, 2007 vest as to one-third on the date of the grant, one-third on the first anniversary of the grant, and will be fully vested on April 17, 2009, the second anniversary of the grant.
- (14) Mr. Flood exercised 8,333 options on November 1, 2007.
- (15) Mr. Flood exercised 16,666 options on November 1, 2007.
- (16) Mr. Angus exercised 30,000 options on July 3, 2008.

Summary of Board and Committee Meetings Held

The following table summarizes Board and Committee meetings held during the year ended December 31, 2008:

Board of Directors	8
Audit Committee	4
Compensation and Benefits Committee	4
Nominating and Corporate Governance Committee	4

During 2008, there was one meeting of the Board, and no meetings of any of its committees, by teleconference. There were 13 resolutions passed in writing by the Board. No resolutions in writing were passed by the Audit, Compensation and Benefits or Nominating and Corporate

Governance Committees in 2008. Resolutions in writing must be executed by all of the directors entitled to vote on a matter.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Management Proxy Circular, or has been, within 10 years before the date of this Management Proxy Circular, a director or executive officer of any corporation (including the Corporation) that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Lebel was a Director and Mr. Deepwell was an Executive Officer of Imperial Metals Corporation ("Old Imperial") in 2002 when it implemented a Plan of Arrangement under the Company Act (British Columbia) and under the Companies' Creditors Arrangement Act (Canada) which resulted in the separation of the mining and oil and gas businesses carried on by Old Imperial. The reorganization created two public corporations that are listed for trading on the Toronto Stock Exchange, the new Imperial Metals Corporation, and IEI Energy Inc. (now NuVista Energy Ltd.) an oil and gas company.

Mr. Angus is a director of Wildcat Silver Corporation ("Wildcat"). Wildcat requested and received notice from the British Columbia Securities Commission of the issuance of a management cease trade order (the "MCTO") on October 30, 2007 in connection with the late filing of its annual audited consolidated financial statements for the fiscal year ending June 30, 2007. Wildcat's failure to make the filing within the required time frame was due to the need to clarify potential foreign tax obligations relating to an acquisition it made. The required filing was made on January 7, 2008 and the MCTO was revoked on January 8, 2008.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee's Charter is set out in Exhibit "A" to this Management Information Circular.

Composition of the Audit Committee

The Corporation's Audit Committee consists of Messrs. André Deepwell, Pierre Lebel and R. Stuart Angus. Mr. Deepwell is the Chairman of the Audit Committee. The Board of Directors has determined that all of the current members of the Audit Committee are "independent" directors. Each member of the Audit Committee is "financially literate" within the meaning of Multilateral Instrument 52-110.

Relevant Education and Experience

Each of Messrs. Deepwell, Lebel and Angus possesses education and experience relevant to the performance of his duties as a member of the Audit Committee. Mr. Deepwell is a Chartered Accountant and is the chief financial officer of a public corporation. Mr. Lebel is a lawyer by training, holds an MBA from a major Canadian university and has previously acted in various senior management capacities, including as chief executive officer, of a public corporation. Mr. Angus is a lawyer by training and has previously been employed to provide financial advisory services to the mining and minerals industry.

Pre-Approval Policies and Procedures

All services to be performed by the Corporation's independent auditor must be approved in advance by the Audit Committee or a designated member of the Audit Committee ("Designated Member"). The Designated Member is a member of the Audit Committee who has been given the authority to grant pre-approvals of permitted audit and non-audit services.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than any de minimis non-audit services allowed by applicable law or regulation. The decisions of the Designated Member to pre-approve a permitted service, needs to be reported to the Audit Committee at its regularly scheduled meetings.

Pre-approval from the Audit Committee or Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Corporation's external auditors relating to the fees reported as audit and tax fees were pre-approved by the Audit Committee or the Designated Member.

Audit Fees

Deloitte & Touche LLP will be nominated at the Meeting for reappointment as auditors of the Corporation at remuneration to be fixed by the Board of Directors. Deloitte & Touche have served as the Corporation's auditors since August 14, 2003. Fees billed by Deloitte & Touche LLP during fiscal 2008 and fiscal 2007 were Cdn\$1,511,000 and Cdn\$143,000 respectively. The aggregate fees billed by the auditors in fiscal 2008 and fiscal 2007 are detailed below.

<i>(Canadian \$ in 000's)</i>	<u>2008</u>	<u>2007</u>
Audit Fees ^(a)	\$216	\$110
Audit Related Fees	-	-
Tax Fees ^(b)	\$43	\$33
All Other Fees	\$1,252 ^(c)	-
TOTAL	<hr/> \$1,511 <hr/>	<hr/> \$143 <hr/>

- (a) Fees for audit services billed relating to fiscal 2008 and fiscal 2007 consisted of:
- audit of the Corporation's annual financial statements;
 - reviews of the Corporation's quarterly financial statements;
 - comfort letters, consents, and other services related to Canadian securities regulatory authorities' matters.
- (b) Fees for tax services provided during fiscal 2008 and 2007 consisted of income tax compliance and tax planning and advice relating to transactions and proposed transactions of the Corporation and its subsidiaries.
- (c) The Corporation incurred these fees in connection with work conducted by Deloitte & Touche LLP for the Corporation on its application for listing on the Asian Stock Exchange, including translation costs, and work conducted for the Corporation on its 2008 prospectus financing.

Exemption

The Corporation is relying on the exemption in section 6.1 of National Instrument 52-110.

CORPORATE GOVERNANCE

The Corporation is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario. In recent years, the Canadian Securities Administrators have been placing increasing emphasis on the importance of good corporate governance practices and disclosure of corporate governance practices by public companies. In 2005, the Canadian Securities Administrators adopted National Instrument 58-101 "Disclosure of Corporate Governance Practices" (the "Disclosure Instrument") and National Policy 58-201 "Corporate Governance Guidelines" (the "Guidelines"). The Corporation's common shares are listed on the TSX Venture Exchange and, therefore, for the purposes of the Disclosure Instrument, the Corporation is a "venture issuer". The Disclosure Instrument requires the Corporation to disclose its corporate governance practices with reference to various specified corporate governance criteria. The Guidelines set out a series of corporate governance practices that the Canadian Securities Administrators believe reflect a "best practices" standard to which they encourage Canadian public companies to adhere.

The following is a discussion of each of the Corporation's corporate governance practices for which disclosure is required by the Disclosure Instrument. Unless otherwise indicated, the board of directors believes that each of the corporate governance practices of the Corporation described below is consistent with the recommendations in the Guidelines.

Board of Directors

For the purposes of the Disclosure Instrument, a director is independent if he has no direct or indirect material relationship with the Corporation. The Disclosure Instrument defines a "material relationship" to be one which could reasonably be expected to interfere with the

exercise of the director's independent judgment and provides that certain specified relationships will, in all circumstances, be considered material relationships.

As of the date of this Management Proxy Circular, the Corporation's board of directors consists of four individuals who are independent (Pierre Lebel, André Deepwell, R. Stuart Angus, and Robert Hanson) and three individuals who are not independent (John Macken, Edward Flood and Peter Meredith), applying the criteria prescribed by the Disclosure Instrument. Mr. Lebel, an independent director, has been the Corporation's Lead Director since June, 2007 and prior to that served as the independent Chairman of the board of directors. The composition of the Corporation's board of directors is consistent with the Guidelines and the board of directors believes that having a majority of independent directors will adequately facilitate its exercise of independent supervision over management.

Mr. Meredith is not considered to be an independent director because he is an executive officer of Ivanhoe Mines Ltd. ("Ivanhoe"), the Corporation's principal shareholder, and serves as the Corporation's Chief Executive Officer. Mr. Macken is not considered to be an independent director because he is an executive officer of Ivanhoe. Mr. Flood is not considered to be an independent director because, until February 15, 2007, he was also an executive officer of Ivanhoe. As of the date of this Management Proxy Circular, Ivanhoe beneficially owns approximately 80.1% of the Corporation's issued and outstanding common shares. Given Ivanhoe's significant shareholding in the Corporation, the board of directors of the Corporation is of the view that each of Messrs. Macken, Meredith and Flood has a material relationship with the Corporation that could reasonably be expected to interfere with his exercise of independent judgment.

Directorships

Information respecting those entities that are reporting issuers (or the equivalent) in Canada or elsewhere in which any of the nominees for election as directors of the Corporation also act as directors, is disclosed in the section of this Management Proxy Circular entitled "Election of Directors". Other than as disclosed therein, none of the current or proposed directors of the Corporation act as directors of any entities that are reporting issuers (or the equivalent) in Canada or elsewhere.

Orientation and Continuing Education

The Corporation takes steps to ensure that prospective directors fully understand the role of the board and its committees and the contribution individual directors are expected to make, including, in particular, the commitment of time and energy that the Corporation expects of its directors. New directors are provided with a comprehensive information package, including pertinent corporate documents and a director's manual containing information on the duties, responsibilities and liabilities of directors. New directors are also briefed by management as to the status of the Corporation's business.

Management and outside advisors provide information and education sessions to the board and its committees on a continuing basis as necessary to keep the directors up-to-date with the Corporation, its business and the environment in which it operates as well as with developments in the responsibilities of directors. Presentations are made to the board from time to time to educate and keep them informed of changes within the Corporation and of regulatory and industry requirements and standards. As a means of facilitating continuing education opportunities for directors, each independent director is enrolled as a member of the Institute of Corporate Directors.

Ethical Business Conduct

The Corporation has adopted a Code of Business Conduct and Ethics applicable to all employees, consultants, officers and directors regardless of their position in the organization, at all times and everywhere the Corporation does business. The Code of Business Conduct and Ethics provides that the Corporation's employees, consultants, officers and directors will uphold its commitment to a culture of honesty, integrity and accountability and that the Corporation require the highest standards of professional and ethical conduct from its employees, consultants, officers and directors. The Corporation's Code of Business Conduct and Ethics has been filed on SEDAR and is available at www.sedar.com. A copy of the Corporation's Code of Business Conduct and Ethics may be obtained, without charge, by request to SouthGobi Energy Resources Ltd., 654 – 999 Canada Place, Vancouver, British Columbia, Canada V6C 3E1, Attention: Vice President & Corporate Secretary, or by phone to (604) 681-6799.

The Audit Committee monitors compliance with the Code of Business Conduct and Ethics. The Nominating and Corporate Governance Committee monitors the disclosure of conflicts of interest by directors with a view to ensuring that no director votes or participates in any board deliberations on a matter in respect of which such director has a material interest.

Nomination of Directors

The board of directors maintains a Nominating and Corporate Governance Committee consisting of Messrs. Hanson, Deepwell, Lebel and Angus. Messrs. Hanson and Lebel were appointed to the committee on March 20, 2008. Mr. Flood retired from membership on the Committee on the same date. Mr. Hanson is the Chairman of the Committee. The Committee is composed entirely of independent directors.

One of the primary responsibilities of the Nominating and Corporate Governance Committee is the identification of new candidates for board nomination. Typically, the full board determines, based on the Corporation's objectives and strategies and the perceived risks it faces, the competencies, skills, experience and personal qualities it considers necessary or desirable in potential director candidates. The Nominating and Corporate Governance Committee then takes responsibility for identifying potential candidates who possess some or all of these attributes for presentation to, and assessment by, the full board. The Nominating and Corporate Governance Committee is also responsible for assessing, on a periodic basis, the performance of individual directors and the board as a whole.

The Nominating and Corporate Governance Committee's responsibilities are outlined in the Committee's Charter. Those responsibilities include:

- evaluating the Corporation's executive management succession plans;
- ensuring that the board has the necessary structures and procedures so that it can function with an appropriate degree of independence from management;
- providing a forum without management present to receive expressions of concern, including a concern regarding matters involving the independence of the board from management;
- establishing induction programs for new directors;
- developing and maintaining continuing education programs for directors; and
- reviewing the practices and procedures of the board in light of ongoing developments in regulatory requirements and industry best practices in matters

of corporate governance and recommending to the board any changes considered necessary or desirable.

A copy of the Nominating and Corporate Governance Committee's Charter may be obtained upon request to the Vice President & Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone (604) 681-6799.

Compensation

The board of directors maintains a Compensation and Benefits Committee consisting of Messrs. Angus, Deepwell, Hanson and Lebel. Mr. Angus was appointed to the Committee on March 20, 2008. Mr. Angus is the Chairman of the Committee. The Committee is composed entirely of independent directors.

The Compensation and Benefits Committee reviews and makes recommendations to the board with respect to compensation for the Corporation's executive officers. The Compensation and Benefits Committee also reviews and makes recommendations to the board regarding the adequacy and form of the compensation payable to non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director.

The Compensation and Benefits Committee's responsibilities are outlined in the Committee's Charter. Those responsibilities include:

- reviewing and adopting, on an annual basis, corporate goals and objectives relevant to the compensation payable to the Chief Executive Officer ("CEO");
- evaluating the CEO's performance in light of adopted goals and objectives and set the CEO's compensation level based on such evaluation;
- reviewing and making recommendations to the board, on an annual basis, with respect to the adequacy and form of compensation and benefits payable to executive officers and non-executive directors;
- administering and making recommendations to the board with respect to awards under the Corporation's equity incentive and equity compensation plans; and
- preparing periodic reports with respect to executive compensation in accordance with applicable regulatory requirements.

A copy of the Compensation and Benefits Committee's Charter may be obtained upon request to the Vice President & Corporate Secretary, 654 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1, telephone (604) 681-6799.

Other Board Committees

The Board has no standing committees other than the Audit Committee, the Compensation and Benefits Committee and the Nominating and Corporate Governance Committee.

Assessments

The Nominating and Corporate Governance Committee has the responsibility for developing and recommending to the board, and overseeing the execution of, a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors, on a regular basis. The Nominating and Corporate Governance Committee

has developed and is continuing to refine an assessment process for the board, each of its committees, and the contribution of individual directors.

On an annual basis, each director is required to complete a performance evaluation questionnaire in respect of the board of directors and each committee of which he is a member. These questionnaires cover a wide range of topics relating to board and committee performance and seek to elicit comments and recommendations for improvement. Responses are tabulated and analyzed by the Chairman of the Nominating and Corporate Governance Committee, who then reports the results to the board of directors. In 2008, the board of directors implemented one on one peer assessments in accordance with the Guidelines, which were conducted by Mr. Label, as part of the assessment of the contributions and effectiveness of individual directors.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditors of the Corporation at remuneration to be fixed by the directors. Deloitte & Touche LLP have been auditors of the Corporation since August 14, 2003.

ANNUAL APPROVAL OF EMPLOYEES' AND DIRECTORS' EQUITY INCENTIVE PLAN

At a special meeting of the shareholders of the Corporation held on August 8, 2006, the shareholders authorized the Corporation to adopt a new Employees' and Directors' Equity Incentive Plan (the "Plan"). The Plan was formally adopted by the board of directors on May 29, 2007, when the Corporation completed the acquisition of the business and assets of the coal division of Ivanhoe Mines Ltd. The Plan provides for the grant of incentive stock options and other equity incentives to directors, officers, employees and service providers in respect of a maximum of 10% of the total number of Common Shares issued and outstanding from time to time on the terms provided for in the Plan. The Plan was approved by the TSX Venture Exchange ("TSX-V") in May, 2007.

Under TSX-V Policy 4.4, the Plan is considered a rolling plan and therefore must receive shareholder approval yearly at the Corporation's Annual General Meeting. In addition, the Plan must be submitted for TSX-V review and acceptance each year. Accordingly, shareholders will be asked to approve the following resolution:

"BE IT RESOLVED, as an Ordinary Resolution, that:

1. the Employees' and Directors' Equity Incentive Plan (the "Plan") be and it is hereby ratified, confirmed and approved providing for the reservation of for issuance under the Plan (and pursuant to options previously granted) of a total number of common shares of the Corporation not to exceed a maximum of 10% of the number of common shares of the Corporation issued and outstanding from time to time on the basis provided in the Plan; and
2. any director or officer of the Corporation be and is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions."

For a summary of the Plan, see "Equity Incentive Plan Information – Employees' and Directors' Equity Incentive Plan" above. A copy of the Plan in its entirety is attached hereto as Exhibit "B" and forms a part of this Proxy Circular.

OTHER BUSINESS

Management of the Corporation is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Shareholders may contact the Corporation's Vice President & Corporate Secretary at 654 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1 by mail, telephone (604-681-6799) or facsimile (604-682-2060) to request copies of the Corporation's Annual Information Form, Financial Statements and Management's Discussion & Analysis ("MD&A"), without charge.

Financial information for the Corporation's most recently completed financial year is provided in its comparative financial statements and MD&A which are filed on SEDAR.

DIRECTORS' APPROVAL

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board of Directors of the Corporation.

DATED at Vancouver, British Columbia, this 27th day of March, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

"Beverly A. Bartlett"

Beverly A. Bartlett
Vice President and Corporate Secretary

EXHIBIT "A"

AUDIT COMMITTEE CHARTER

I. Purpose

The primary objective of the Audit Committee (the "Committee") of SouthGobi Energy Resources Ltd. (the "Corporation") is to act as a liaison between the Board and the Corporation's independent auditors (the "Auditors") and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Corporation to its shareholders, the public and others, (b) the Corporation's compliance with legal and regulatory requirements, (c) the qualification, independence and performance of the Auditors and (d) the Corporation's risk management and internal financial and accounting controls, and management information systems.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditors.

The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

II. Organization

The Committee shall consist of three or more directors of the Corporation and shall satisfy the laws governing the Corporation and the independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Corporation.

The members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes. The chair of the Committee shall have an ordinary vote.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

III. Meetings

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management, the Corporation's financial and accounting officer(s) and the Auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

The Chair of the Committee shall be an independent chair who is not Chair of the Board. In the absence of the appointed Chair of the Committee at any meeting, the members shall elect a chair from those in attendance at the meeting. The Chair, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Committee will appoint a Secretary who will keep minutes of all meetings. The Secretary may be the Corporation's Corporate Secretary or another person who does not need to be a member of the Committee. The Secretary for the Committee can be changed by simple notice from the Chair.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as the other directors in advance of the meeting.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Corporation's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

IV. Authority and Responsibilities

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the shareholders of the Corporation in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders.

The Committee shall have the following responsibilities:

(a) Auditors

1. Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Corporation at the Corporation's annual meeting and the remuneration to be paid to the Auditors for services performed during the preceding year; approve all auditing services to be provided by the Auditors; be responsible for the oversight of the work of the Auditors, including the resolution of disagreements between management and the Auditors regarding financial reporting; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable.
2. When there is to be a change of the Auditor, review all issues related to the change, including any notices required under applicable securities law, stock exchange or other regulatory requirements, and the planned steps for an orderly transition.
3. Review the Auditor's audit plan and discuss the Auditor's scope, staffing, materiality, and general audit approach.
4. Review on an annual basis the performance of the Auditors, including the lead audit partner.
5. Take reasonable steps to confirm the independence of the Auditors, which include:
 - (a) Ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Corporation;
 - (b) Considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
 - (c) Approving in advance any non-audit related services provided by the Auditor to the Corporation, and the fees for such services, with a view to ensure independence of the Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and

- (d) As necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.
- 6. Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements with respect to non-audit services provided by the Auditors.
- 7. Confirm with the Auditors and receive written confirmation at least once per year (i) indicating that the Auditors are a member in good standing with the Canadian Public Accountability Board (CPAB) and comparable bodies elsewhere to the extent required and disclosing any sanctions or restrictions imposed by the CPAB and such other comparable bodies; and (ii) responding to any other reasonable request of the Audit Committee for confirmation as to their qualifications to act as the Corporation's Auditors.
- 8. Consider the tenure of the lead audit partner on the engagement in light of applicable securities law, stock exchange or applicable regulatory requirements.
- 9. Review all reports required to be submitted by the Auditors to the Committee under applicable securities laws, stock exchange or other regulatory requirements.
- 10. Receive all recommendations and explanations which the Auditors place before the Committee.

(b) Financial Statements and Financial Information

- 11. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Corporation's annual audited financial statements, including disclosures made in management's discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Corporation's audited financial statements be included in the Corporation's annual reports distributed and filed under applicable laws and regulatory requirements.
- 12. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Corporation's interim financial statements, including management's discussion and analysis, and the Auditor's review of interim financial statements, prior to filing or distribution of such statements.
- 13. Review any earnings press releases of the Corporation before the Corporation publicly discloses this information.
- 14. Be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information and extracted or derived from the Corporation's financial statements and periodically assess the adequacy of these procedures.
- 15. Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
 - (a) the adoption of, or changes to, the Corporation's significant auditing and accounting principles and practices;
 - (b) the management letter provided by the Auditor and the Corporation's response to that letter; and
 - (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.

16. Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles. Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under generally accepted accounting principles.
17. Review any report under applicable securities law, stock exchange or other regulatory requirements, including any reports required to be included in statutory filings, including in the Corporation's annual proxy statement.

(c) Ongoing Reviews and Discussions with Management and Others

18. Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Corporation's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
19. Periodically review separately with each of management, the financial and accounting officer(s) and the Auditors; (a) any significant disagreement between management and the Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.
20. Periodically discuss with the Auditors, without management being present, (a) their judgments about the quality and appropriateness of the Corporation's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Corporation's financial statements.
21. Consider and approve, if appropriate, significant changes to the Corporation's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
22. Review and discuss with management, the Auditors and the Corporation's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Corporation's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
23. Enquire of the Corporation's financial and accounting officer(s) and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Corporation.
24. Review the principal control risks to the business of the Corporation, its subsidiaries and joint ventures; and verify that effective control systems are in place to manage and mitigate these risks.
25. Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as any financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e. discussion of the types of information to be disclosed and the types of presentations made).
26. Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the

Corporation with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.

27. Review and discuss with management the Corporation's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Corporation's risk assessment and risk management guidelines and policies.

(d) Risk Management and Internal Controls

28. Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Corporation's financial and accounting group and the responsibilities, budget and staffing needs of such group.
29. Ensure that management has designed and implemented effective systems of risk management and internal controls and, at least annually, review and assess the effectiveness of such systems.
30. Approve and recommend to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk.
31. In consultation with the Auditors and management, review the adequacy of the Corporation's internal control structure and procedures designed to insure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Corporation's financial and accounting group.
32. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
33. Review the internal control reports prepared by management, including management's assessment of the effectiveness of the Corporation's internal control structure and procedures for financial reporting and (ii) the Auditors' attestation, and report, on the assessment made by management.
34. Review the appointment of the chief financial officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointment.

(e) Other Responsibilities

35. Create an agenda for the ensuing year and confirm a timetable for the Audit Committee for the ensuing year.
36. Review and approve related-party transactions if required under applicable securities law, stock exchange or other regulatory requirements.
37. Review and approve (a) any change or waiver in the Corporation's code of ethics applicable to senior financial officers and (b) any disclosures made under applicable securities law, stock exchange or other regulatory requirements regarding such change or waiver.
38. Establish, review and approve policies for the hiring of employees or former employees of the Corporation's Auditors.

39. Review and reassess the duties and responsibilities set out in this Charter annually and recommend to the Nominating and Corporate Governance Committee and to the Board any changes deemed appropriate by the Committee.
40. Review its own performance annually, seeking input from management and the Board.
41. Perform any other activities consistent with this Charter, the Corporation's articles and by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

V. Reporting

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board (which minutes shall ordinarily be included in the papers for the next full board meeting after the relevant meeting of the Committee). The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the full Board any issues that have arisen with respect to quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Corporation's financial and accounting group.

VI. Resources and Access to Information

The Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Committee.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer or employee of the Corporation or the Corporation's outside counsel or the Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Corporation necessary for the execution of the Committee's obligations.

The Committee shall consider the extent of funding necessary for payment of compensation to the Auditors for the purpose of rendering or issuing the annual audit report and recommend such compensation to the Board for approval. The Audit Committee shall determine the funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.

EXHIBIT "B"

SOUTHGOBI ENERGY RESOURCES LTD. (formerly Asia Gold Corp.) AMENDED AND RESTATED EMPLOYEES' AND DIRECTORS' EQUITY INCENTIVE PLAN

PART 1 INTRODUCTION

1.1 Purpose

The purpose of the Plan is to secure for the Company and its shareholders the benefits of incentive inherent in share ownership by the directors and employees of the Company and its subsidiaries who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that share plans of the nature provided for herein aid in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Company.

1.2 Definitions

- (a) "**Asia Gold Plan**" has the meaning assigned to it in Section 7.1.
- (b) "**Associate**" has the meaning assigned to it in the *Securities Act* (British Columbia).
- (c) "**Board**" means the board of directors of the Company.
- (d) "**Company**" means SouthGobi Energy Resources Ltd., (formerly Ivanhoe Coal Ltd. and Asia Gold Corp.), a company continued under the *British Columbia Business Corporations Act*.
- (e) "**Committee**" has the meaning assigned to it in Section 6.1.
- (f) "**Disinterested Shareholder Approval**" means approval at a meeting of the shareholders of the Company by a majority of the votes attached to Shares cast at such meeting by the shareholders of the Company, including holders of non-voting and subordinate voting shares (who, for the purposes of such approval, shall be entitled to the same voting rights as holders of Shares), excluding votes attached to Shares beneficially owned by Insiders entitled to participate in the Plan and Associates of such Insiders.
- (g) "**Eligible Directors**" means the directors of the Company or any subsidiary thereof who are, as such, eligible for participation in the Plan.
- (h) "**Eligible Employees**" means employees (including employees who are officers and directors) of the Company or any subsidiary thereof, whether or not they have a written employment contract with Company, determined by the Committee, as employees eligible for participation in the Plan. "Eligible Employees" shall include Service Providers eligible for participation in the Plan as determined by the Committee.
- (i) "**Exchange**" means the stock exchange on which the Shares are listed at the relevant time, provided that, if the Shares are listed on more than one stock exchange at the same time, for the purpose only of determining Fair Market Value, "Exchange" means the stock exchange upon which a majority of the trading volume and value of Shares occurred during the 30 day period immediately preceding the determination.
- (j) "**Fair Market Value**" means, with respect to a Share subject to an Option, the weighted average price of a Share on the Exchange for the five days on which Shares were traded immediately

preceding the date in respect of which Fair Market Value is to be determined. If the Shares are not listed and posted for trading on an Exchange on such day, the Fair Market Value shall be such price per Share as the Board, acting in good faith, may determine.

- (k) **"Insider"** has the meaning assigned to it in the *Securities Act* (British Columbia).
- (l) **"Investor Relations Activities"** has the meaning assigned to it in the rules and policies of the TSX Venture Exchange.
- (m) **"Option"** means an option granted under the terms of the Share Option Plan.
- (n) **"Option Period"** means the period during which an Option is outstanding.
- (o) **"Optionee"** means an Eligible Employee or Eligible Director to whom an Option has been granted under the terms of the Share Option Plan.
- (p) **"Participant"** means, in respect of any Plan, an Eligible Employee or Eligible Director who participates in such Plan.
- (q) **"Plan"** means, collectively the Share Option Plan, the Share Bonus Plan and the Share Purchase Plan and **"Plan"** means any such plan as the context requires.
- (r) **"Pre-existing Options"** has the meaning assigned to it in Section 7.2.
- (s) **"Qualified Issuer"** means a TSX Venture Exchange Tier 1 issuer or a company whose shares are not listed on the TSX Venture Exchange.
- (t) **"Service Provider"** means any non-employee person or company engaged by the Company or a subsidiary to provide services for an initial, renewable or extended period of 12 months or more.
- (u) **"Share Bonus Plan"** means the plan established and operated pursuant to Part 3 and Part 5 hereof.
- (v) **"Share Option Plan"** means the plan established and operated pursuant to Part 2 and Part 5 hereof.
- (w) **"Share Purchase Plan"** means the plan established and operated pursuant to Part 4 and Part 5 hereof.
- (x) **"Shares"** means the common shares of the Company.

PART 2 SHARE OPTION PLAN

2.1 Participation

Options shall be granted only to Eligible Employees and Eligible Directors.

2.2 Administration of Share Option Plan

The Share Option Plan shall be administered by the Committee.

2.3 Price

The exercise price per Share of any Option shall be not less than one hundred per cent (100%) of the Fair Market Value on the date of grant and shall not, in any event, be less than the "discounted market price" as defined in the rules and policies of the TSX Venture Exchange.

2.4 Grant of Options

The Board, on the recommendation of the Committee, may at any time authorize the granting of Options to such Eligible Employees and Eligible Directors as it may select for the number of Shares that it shall designate, subject to the provisions of the Share Option Plan. When the grant is authorized, the Board, on the recommendation of the Committee, shall specify the date of grant, which will be not earlier than the date upon which the Committee determines that a recommendation to the Board for the grant of an Option is warranted.

2.5 Option Agreement

Each Option granted to an Eligible Employee or to an Eligible Director shall be evidenced by an Option agreement with terms and conditions consistent with the Share Option Plan and as approved by the Board on the recommendation of the Committee (which terms and conditions need not be the same in each case and may be changed from time to time, subject to the approval of any material changes by the Exchange). Each Option agreement evidencing an Option granted to an Eligible Employee shall contain a representation by the Company that the Optionee is a bona fide Eligible Employee.

2.6 Terms of Options

The Option Period shall be determined by the Board, on the recommendation of the Committee, but shall not exceed five years or such greater or lesser maximum duration as may be permitted from time to time under the rules and policies of the Exchange, and may thereafter be reduced with respect to any such Option as provided in Section 2.9 hereof in respect of the termination of employment or death of the Optionee.

Unless otherwise determined from time to time by the Board, on the recommendation of the Committee, Options may be exercised (in each case to the nearest full Share) during the Option Period as follows:

- (a) at any time during the first year of the Option Period, the Optionee may purchase up to that number of Shares (the "Vested Shares") of the total number of Shares reserved for issuance pursuant to his or her Option determined by dividing the total number of Shares subject to the Option by the number of years in the Option Period (the "Vesting Increment"); and
- (b) at any time during each additional year of the Option Period, the Optionee may purchase that number of Shares of the total number of Shares reserved for issuance pursuant to his or her Option that is equal to the number of Vested Shares representing Vesting Increments in respect of all prior years of the Option Period plus the number of Vested Shares representing the Vesting Increment in respect of the current year of the Option Period such that, during the last year of the Option Period, all of the Shares reserved for issuance pursuant to the Option are Vested Shares.

Notwithstanding paragraphs (a) and (b) above, for as long as the Shares are listed on the TSX Venture Exchange, any Options issued to an Optionee performing Investor Relations Activities on behalf of the Company shall become exercisable no earlier than 90 days after the date of grant in respect of not more than 25% of the Shares issuable in respect of such Options and not more than an additional 25% of the Shares issuable in respect of such Options during each 90 day period thereafter.

Except as set forth in Section 2.9, no Option may be exercised unless the Optionee is at the time of such exercise:

- (c) in the case of an Eligible Employee, in the employ of the Company or a subsidiary and shall have been continuously so employed since the grant of his Option, but absence on leave, having the approval of the Company or such subsidiary, shall not be considered an interruption of employment for any purpose of the Share Option Plan; or
- (d) in the case of an Eligible Director, a director of the Company or a subsidiary and shall have been

such a director continuously since the grant of his Option.

The exercise of any Option will be contingent upon the Optionee having entered into an Option agreement with the Company on such terms and conditions as have been approved by the Board, on the recommendation of the Committee, and which incorporates by reference the terms of the Plan. Subject to Section 2.7, the exercise of any Option will also be contingent upon receipt by the Company of cash payment of the full purchase price of the Shares being purchased. No Optionee or his legal representatives or legatees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him or them under the terms of the Share Option Plan.

2.7 Share Appreciation Right

If the Company is a Qualified Issuer, a Participant may, if at any time determined by the Board, on the recommendation of the Committee, either as of the date of grant of the Option or during the Option Period, have the right (the "Right"), when entitled to exercise an Option, to terminate such Option in whole or in part (the "Terminated Option") by notice in writing to the Company and, in lieu of receiving the Shares (the "Option Shares") to which the Terminated Option relates, to receive the number of Shares, disregarding fractions, which is equal to the quotient obtained by:

- (a) subtracting the Option exercise price per Share from the Fair Market Value per Share on the day immediately prior to the exercise of the Right and multiplying the remainder by the number of Option Shares; and
- (b) dividing the product obtained under subsection 2.7(a) by the Fair Market Value per Share on the day immediately prior to the exercise of the Right.

If a Right is granted in connection with an Option, it is exercisable only to the extent and on the same conditions that the related Option is exercisable.

2.8 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options, subject in the case of the cancellation of an Option in connection with the grant of a new Option to the same person on different terms, to the consent of the Exchange.

2.9 Effect of Termination of Employment or Death

If an Optionee:

- (a) dies while employed by or while a director of the Company or its subsidiary, any Option held by him at the date of death shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, on the recommendation of the Committee, and subject to the rules and policies of the Exchange, all such Options shall, subject to Section 2.6, be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner; or
- (b) ceases to be employed by or act as a director of the Company or its subsidiary for cause, no Option held by such Optionee will, unless otherwise determined by the Board, on the recommendation of the Committee, be exercisable following the date on which such Optionee ceases to be so employed or ceases to be a director, as the case may be. If an Optionee ceases to be employed by or act as a director of the Company or its subsidiary for any reason other than cause or death, such Optionee shall have the right to exercise any vested portion of the Option

not exercised prior to such termination within a period of 90 calendar days after the date of termination in the case of all Optionees.

2.10 Effect of Takeover Bid

If a bona fide offer (the "Offer") for Shares is made to the Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of subsection 1(3) of the *Securities Act* (British Columbia), then the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee currently holding an Option of the Offer, with full particulars thereof, whereupon, notwithstanding Section 2.6 hereof, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") pursuant to the Offer.

2.11 Effect of Amalgamation or Merger

If the Company amalgamates or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Participant would have received upon such amalgamation or merger if the Participant had exercised his Option immediately prior to the record date applicable to such amalgamation or merger, and the option price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes on the Share Option Plan.

2.12 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through the declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Share Option Plan, the Shares subject to any Option, and the option price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes on the Share Option Plan.

2.13 Loans to Employees

Subject to applicable law and the rules and policies of the Exchange, the Board may at any time authorize the Company to loan money to an Eligible Employee (which for purposes of this Section 2.13 excludes any director or executive officer (or equivalent thereof) of the Company), on such terms and conditions as the Board may reasonably determine, to assist such Eligible Employee to exercise an Option held by him or her. Such terms and conditions shall include, in any event, interest at prevailing market rates, a term not in excess of one year, and security in favour of the Company represented by that number of Shares issued pursuant to the exercise of an Option in respect of which such loan was made or equivalent security which equals the loaned amount divided by the Fair Market Value of the Shares on the date of exercise of the Option, which security may be granted on a non-recourse basis.

2.14 Limitation

For so long as the Shares are listed on the TSX Venture Exchange the provisions of Section 2.13 shall be inoperative.

PART 3 SHARE BONUS PLAN

3.1 Participants

The Board, on the recommendation of the Committee, shall have the right, subject to Section 3.2, to issue or reserve for issuance, for no cash consideration, to any Eligible Employee or any Eligible Director any number of Shares as a discretionary bonus subject to such provisos and restrictions as the Board may determine.

3.2 Number of Shares

Subject always to the limitations set out in Section 5.1 the aggregate maximum number of Shares that may be issued during any calendar year pursuant to Section 3.1 will be limited to 1,000,000 Shares.

3.3 Limitation

Sections 3.1 and 3.2 shall only become effective upon Exchange approval.

PART 4 SHARE PURCHASE PLAN

4.1 Limitation

The provisions of this Part will be inoperative unless the Company is a Qualified Issuer.

4.2 Participants

Participants in the Share Purchase Plan will be Eligible Employees who have been continuously employed by the Company or any of its subsidiaries on a full-time basis for at least 12 consecutive months and who have been designated by the Board, on the recommendation of the Committee, as participants in the Share Purchase Plan ("Share Purchase Plan Participants"). The Board, on the recommendation of the Committee, shall have the right, in its absolute discretion, to waive such 12-month period or to refuse any Eligible Employee or group of Eligible Employees the right of participation or continued participation in the Share Purchase Plan.

4.3 Election to Participate in the Share Purchase Plan and Participant's Contribution

Any Share Purchase Plan Participant may elect to contribute money (the "Participant's Contribution") to the Share Purchase Plan in any calendar year if the Share Purchase Plan Participant delivers to the Company a written direction in form and substance satisfactory to the Company authorizing the Company to deduct from the Share Purchase Plan Participant's salary, in equal instalments, the Participant's Contribution. Such direction will remain effective until revoked in writing by the Share Purchase Plan Participant or until the Board terminates or suspends the Share Purchase Plan, whichever is earlier.

The Share Purchase Plan Participant's Contribution as determined by the Board, on the recommendation of the Committee, shall not exceed 10% of the Share Purchase Plan Participant's basic annual salary from the Company and its affiliates at the time of delivery of the direction, before deductions, exclusive of any overtime pay, bonuses or allowances of any kind whatsoever (the "Basic Annual Salary"). In the case of a Share Purchase Plan Participant for whom the Board, on the recommendation of the Committee, has waived the 12-month employment requirement, the Share Purchase Plan Participant's Contribution shall not exceed 10% of his Basic Annual Salary from the Company and its subsidiaries at the time of delivery of the direction, prorated over the remainder of the calendar year, before deductions and exclusive of any overtime pay, bonuses or allowances of any kind whatsoever.

4.4 Company's Contribution

Immediately prior to the date any Shares are issued to a Share Purchase Plan Participant in accordance with Section 4.5, the Company will credit the Share Purchase Plan Participant with, and thereafter hold in trust for the Share Purchase Plan Participant, an amount determined by the Board (the "Company's Contribution") not to exceed the Participant's Contribution then held in trust by the Company.

4.5 Issue of Shares

On March 31, June 30, September 30 and December 31 in each calendar year the Company will issue to each Share Purchase Plan Participant fully paid and non-assessable Shares, disregarding fractions, which is equal to the aggregate amount of the Participant's Contribution and the Company's Contribution

divided by the Issue Price. For the purposes of this Section 4.5, "Issue Price" means the weighted average price of the Shares on the Exchange for the 90-day period immediately preceding the date of issuance. If the Shares are not traded on an exchange on the date of issuance, the Issue Price shall be such price per Share as the Board, acting in good faith, may determine.

The Company shall hold any unused balance of the Participant's Contribution for a Share Purchase Plan Participant until used in accordance with the Share Purchase Plan.

4.6 Delivery of Shares

As soon as reasonably practicable following each issuance of Shares to a Share Purchase Plan Participant pursuant to Section 4.5, the Company will cause to be delivered to the Share Purchase Plan Participant a certificate in respect of such Shares provided that, if required by applicable law or the rules and policies of the Exchange, a restrictive legend shall be inscribed on the certificate, which legend shall state that the Shares shall not be transferable for such period as may be prescribed by law or by any regulatory authority or the Exchange on which the Shares are listed.

4.7 Effect of Termination of Employment or Death

If a Participant dies or otherwise ceases to be employed by the Company or any of its subsidiaries for any reason or receives notice from the Company of the termination of his or her employment, the Share Purchase Plan Participant's participation in the Share Purchase Plan will be deemed to be terminated and any portion of the Participant's Contribution then held in trust shall be paid to the Share Purchase Plan Participant or his estate or successor as the case may be.

4.8 Effect of Amalgamation or Merger

If the Company amalgamates or merges with or into another corporation, each Share Purchase Plan Participant to whom Shares are to be issued will receive, on the date on which any Shares would otherwise have been delivered to the Share Purchase Plan Participant in accordance with Section 4.6, the securities, property or cash to which the Share Purchase Plan Participant would have been entitled on such amalgamation, consolidation or merger had the Shares been issued immediately prior to the record date of such amalgamation or merger.

PART 5 GENERAL

5.1 Number of Shares

The aggregate maximum number of Shares which may at any time be subject to issuance under the Plan (including Shares subject to issuance pursuant to Pre-existing Options) will not exceed 10% of the Company's outstanding issue from time to time. For the purposes of Sections 5.1 and 5.2, "outstanding issue" means the total number of Shares, on a non-diluted basis, that are issued and outstanding as of the date that any Shares are issued or reserved for issuance pursuant to an award under the Plan to an Insider or such Insider's Associates, excluding any Shares issued under the Plan during the immediately preceding 12-month period.

5.2 Special Limitations

For as long as the Shares are listed on the TSX Venture Exchange:

- (a) no more than 2% of the Company's outstanding issue from time to time may, during any 12-month period, be made subject to issuance under the Plan to any one Service Provider;
- (b) no more than 2% of the Company's outstanding issue from time to time may, during any 12-month period, be made subject to issuance under the Plan to all Optionees conducting Investor Relations Activities on behalf of the Company.

- (c) the aggregate number of Shares that may be issued to any one Insider and his or her Associates under the Plan, within any one-year period, shall not exceed 5% of the Company's outstanding issue from time to time;
- (d) the aggregate number of Shares that may be issued to any one Optionee under the Plan shall not exceed 5% of the Company's outstanding issue from time to time; and
- (e) the reference to 90 day calendar days in Section 2.9(b) shall be 30 calendar days in the case of Optionees performing Investor Relations Activities on behalf of the Company.

5.3 Transferability

Any benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable unless specifically provided herein. During the lifetime of a Participant all benefits, rights and options may only be exercised by the Participant. Options are non-transferable except by will or by the laws of descent and distribution.

5.4 Employment

Nothing contained in any Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any Affiliate, or interfere in any way with the right of the Company or any subsidiary to terminate the Participant's employment at any time. Participation in any Plan by a Participant is voluntary.

5.5 Record Keeping

The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the Plan or Plans in which the Participant participates;
- (c) any Participant's Contributions;
- (d) the number of unissued Shares reserved for issuance pursuant to an Option or pursuant to an award made under the Share Bonus Plan in favour of a Participant; and
- (e) such other information as the Board may determine.

5.6 Necessary Approvals

The Plan shall become effective as of the date (the "Effective Date") of its formal adoption by the Board following receipt of Disinterested Shareholder Approval and shall cease to be effective as of the last day of the first calendar year commencing after the Effective Date that the Plan is not ratified by the Company's shareholders by way of Disinterested Shareholder Approval.

The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction in respect of the Shares or any exchanges on which the Shares are then listed which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain such approval, the obligation of the Company to issue such Shares shall terminate and any Participant's Contribution or option price paid to the Company shall be returned to the Participant.

5.7 Income Taxes

Any Participant subject to this Plan, accepts that any Shares will not be registered in their name, in accordance with any agreement under this Plan, until such time as the Company has been provided with funds to meet any withholding obligation (in addition to any funds required under Section 2.13) that the Company considers necessary, in any jurisdiction in which the Plan is operative.

Withholding amounts would include, but not be limited to, any income tax liability, whether levied on a national or regional basis, social security liability or any similar liability.

The Participant agrees that any funds required to meet any such withholding will be met through the sale of Shares under the Plan, by cash payment to the Company, or by any other mutually agreed mechanism, including deduction from other cash compensation.

Further, the Participant acknowledges that any additional liability to income tax, social security or any similar charge, in excess of any withholding made by the Company, will be the Participant's responsibility, including the levy of any penalty or similar charge, arising as a consequence of the Participant's failure to meet his tax obligations in any jurisdiction.

5.8 Amendments to Plan

The Board may amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board, subject to the approval of any material changes by the Exchange.

However, any amendment to Sections 2.1, 2.3, 2.5, 2.6, 2.8, 3.2, 5.1, 5.2, 5.3, 5.6, 5.8 or 5.9 of the Plan shall be effective only upon receipt of Disinterested Shareholder Approval. Except as expressly otherwise provided herein, however, no change in an award already granted under the Plan shall be made without the written consent of the recipient of such award.

5.9 Amendments to Options Held by Insiders

Any amendment to the terms of an Option held by an Insider which results in a reduction in the exercise price of the Option or an extension of the Option Period is subject to the approval of the Exchange and Disinterested Shareholder Approval.

5.10 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

5.11 Compliance with Applicable Law, etc

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

PART 6 ADMINISTRATION OF THE PLAN

6.1 Administration by the Committee

Unless otherwise determined by the Board, the Plan shall be administered by the Compensation and Benefits Committee (the "Committee") appointed by the Board and constituted in accordance with such Committee's charter. The members of the Committee serve at the pleasure of the Board and vacancies occurring in the Committee shall be filled by the Board.

6.2 Powers of Committee

The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to:

(a) adopt and amend rules and regulations relating to the administration of the Plan and make all other determinations necessary or desirable for the administration of the Plan. The interpretation and construction of the provisions of the Plan and related agreements by the Committee shall be final and conclusive. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency; and

(b) otherwise exercise the powers delegated to the Committee by the Board and under the Plan as set forth herein.

6.3 Board Role

The Board, on the recommendation of the Committee, shall determine and designate from time to time the individuals to whom awards shall be made, the amounts of the awards and the other terms and conditions of the awards. The Board may delegate any of its responsibilities or powers under the Plan to the Committee, provided that the grant of all Shares, Options or other awards under the Plan shall be subject to the approval of the Board. No Option shall be exercisable in whole or in part unless and until such approval is obtained. In the event the Committee is unable or unwilling to act in respect of a matter involving the Plan, the Board shall fulfill the role of the Committee provided for herein.

PART 7 TRANSITION

7.1 Replacement of Asia Gold Plan

Subject to Section 7.2, as of the Effective Date, this Plan supersedes and replaces the Employees' and Directors' Equity Incentive Plan (the "Asia Gold Plan") and, after the Effective Date, no further Options will be granted under the Asia Gold Plan.

7.2 Outstanding Options under Asia Gold Plan

Notwithstanding Section 7.1, all Options granted under the Asia Gold Plan prior to the Effective Date ("Pre-existing Options") that remain outstanding after the Effective Date will continue to be governed by the terms of the Asia Gold Plan and not by the terms of this Plan.